



Petsec Energy Ltd
ACN 000 602 700

Annual Report for the financial year ended
31 December 2025



Annual Report

For the year ended 31 December 2025

Contents	Page
Corporate Objective and Strategy	3
Company Profile and History	3
2025 Year in Review	5
Chairman's Report	7
Directors' Report	9
Remuneration Report	19
Lead Auditor's Independence Declaration	27
Financial Report Statements for the Year Ended 31 December 2025	28
Directors' Declaration	64
Independent Auditor's Report	65
Exploration and Production Interests	68
Shareholder Information	69
5-year Comparative Data Summary	70
Glossary	71
Corporate Directory	72

Petsec Energy Ltd

ABN 92 000 602 700

The Company is an unlisted public company, and its registered office is located at Level 7, Macquarie Business Centre, 167 Macquarie Street Sydney, NSW 2000 Australia.

The Company holds interests in two onshore blocks in the Republic of Yemen, 80 kilometres apart in the Marib Basin – Damis Block S-1, Production Licence and Al Barqa, Block 7 Exploration Licence.

Annual General Meeting

To be held at: 11 a.m. (AEST) on Friday, 29 May 2026, at Level 7, Macquarie Business Centre, 167 Macquarie Street Sydney, NSW Australia.

Capital Structure

On 10 March 2026, the Company had 501,071,218 shares on issue.

Annual Report

For the year ended 31 December 2025

Corporate Objective and Strategy

The Company's corporate objective is to enhance shareholder value through the growth of net asset value by the successful exploration, development, and production of oil and gas assets. In pursuing this objective, the Company aims to evolve into a recognised mid-tier exploration and production company, distinguished by high-calibre technical expertise, efficient and cost-effective project delivery, and the maintenance of high ethical and governance standards.

To achieve this objective, the Company's strategy is focused on maximising the value of its existing onshore reserves in Republic of Yemen, while selectively assessing opportunities to acquire additional oil and gas reserves as they arise.

Prior to 2014, the Company's primary strategic and geographic focus was Louisiana, United States of America ("USA"). In 2014, the Company shifted its attention to the Middle East and North Africa ("MENA") region, with a particular emphasis on Yemen. This strategic realignment reflected:

- The opportunity to operate during a period of depressed oil prices and heightened political complexity, where larger operators were unable or unwilling to continue operations, and where the Company's established regional relationships could be leveraged to advance projects.
- The presence of assets with near-term production potential, offering the prospect of materially enhancing the Company's value.

Yemen is located on the Arabian Plate and exhibits geological characteristics comparable to those of Saudi Arabia, including analogous petroleum systems. The country remains relatively underdeveloped and underexplored, presenting the potential for the discovery and development of significant oilfields.

Company Profile and History

Petsec Energy Ltd is an independent oil and gas exploration and production company, incorporated in Australia on 7 December 1967 (ACN 000 602 700).

The Company was listed on the Australian Securities Exchange ("ASX") from 1980 until 4 April 2022, when it was removed from the ASX Official List in accordance with Listing Rule 17.2, following a continuous two-year period of voluntary suspension.

The Company entered voluntary suspension on 3 April 2020 after the Board considered the combined impacts of the COVID-19 pandemic, including the collapse in oil and gas prices and widespread disruption to government and administrative processes. The suspension provided the Company with time to address its cost structure, financing arrangements, and business plan in order to preserve and enhance shareholder value. The Company was ultimately unable to meet the ASX reinstatement requirements within the prescribed timeframe.

Historically, the Company operated in the USA through its wholly owned subsidiaries Petsec Energy Inc. and Petsec Exploration and Production LLC, with activities in the shallow waters of the Gulf of Mexico and onshore Louisiana and Texas. Active in the USA since 1989, the Company drilled more than 100 wells, achieving a 74% success rate, discovering over 30 oil and gas fields, with total reserves of approximately 450 Bcfe and cumulative production of 217 Bcfe. The Company divested its USA oil and gas interests in October 2020 and subsequently dissolved its USA subsidiaries.

Between 2002 and 2011, the Company was active in the Beibu Gulf, China, where it participated in the drilling of seven exploration wells, resulting in the discovery of three oil fields. These interests were sold in 2011.

The Company currently holds onshore interests in the Republic of Yemen through its wholly owned subsidiaries West Yemen Oil (Block S-1), Inc., Oil Search (ROY) Limited, and Petsec Energy Yemen Limited. In 2014, following a strategic review, the Company adopted a strategy focused on exploration and the acquisition of oil reserves in the MENA region, where producing or near-development assets with significant exploration upside may be acquired at lower entry costs relative to the USA.

Annual Report

For the year ended 31 December 2025

Company Profile and History (continued)

Al Barqa, Block 7 Exploration Licence

In 2014, the Company acquired a 35% non-operated working interest in Block 7, a large exploration licence covering approximately 5,000 square kilometres in Yemen. Two exploration wells drilled on the block by Oil Search Ltd in 2010 and 2011 resulted in the discovery of the Al Meashar Oilfield, which is estimated to contain undeveloped target resources of between 11 and 110 million barrels (“MMbbls”) of oil.

Block 7 also hosts a portfolio of eight identified prospects and leads supported by 2D and 3D seismic data. Of these, the four larger prospects are estimated to have oil potential ranging from approximately 174 to 439 MMbbls of oil.

In 2018, the Company acquired an additional 40% working interest in Block 7, thereby securing operatorship, and increasing its total interest in the licence to 75%.

Damis Block S-1 Production Licence

In late 2015 and early 2016, the Company acquired a 100% working interest in the Damis Block S-1 Production Licence in Republic of Yemen. The licence contains five oil and gas fields with estimated recoverable resources exceeding 60 MMbbls and 600 billion cubic feet (“Bcf”) of gas. The principal asset, the An Nagyah Oilfield, is developed with 32 wells and production facilities capable of up to 20,000 barrels of oil per day (“bopd”), with initial recoverable reserves of approximately 50 MMbbls. Production commenced in 2004 and totalled approximately 25 MMbbls prior to suspension in 2014 due to political instability.

From 2017, the Company sought to restart production at An Nagyah, however, access to government-owned export transport facilities was denied, contrary to the Block S-1 Petroleum Sharing Agreement. In late 2019, the then Yemen Oil Minister advised that approvals would be granted subject to the appointment of a financially strong and experienced local operator.

In late 2020, the Company secured such an operator. All shares in Yemen (Block S-1), Inc., the designated operator of Block S-1 and holder of a 75% working interest, were acquired by Yung Holdings Limited, a subsidiary of Octavia Energy Corporation, an established MENA-focused oil and gas producer financed by members of the Hayel Saeed Anam Group.

Following the acquisition, the operator was renamed Octavia Energy (Block S-1), Inc. and established operational offices in Cairo, Egypt and Aden, Yemen. Since that time, the Company has focused on supporting the operator in securing the requisite government approvals, with the objective of restarting oil production from the An Nagyah Oilfield.

Refer to section 7. *Operations Review of the Directors’ Report* for further details.

Annual Report

For the year ended 31 December 2025

2025 Year in Review

Corporate

Convertible Note Facility

- During 2025, Petsec Energy Ltd (the “Company”) accessed US\$150,000 under its US\$15 million Convertible Note Facility (“CN Facility”) to fund ongoing corporate and administrative costs while operations remain suspended.
- Total funds drawn under the CN Facility increased to US\$14.35 million as of 31 December 2025 (2024: US\$14.2 million).
- In December 2025, the Noteholders agreed to extend the term of the CN Facility by a further two years, from 23 January 2026 to 23 January 2028, providing the Company with continued support and funding certainty.
- In addition, the Noteholders agreed to make available a further US\$150,000 under the CN Facility to meet anticipated administrative costs for FY2026, supporting the Company’s ability to maintain corporate compliance and progress strategic objectives during the extension period.

YEMEN: Al Barqa Block 7 Letter of Credit (“LoC”) litigation

- During the year, the Company continued to actively pursue the recovery of its letter of credit (“LoC”) funds awarded through the Jordanian court system, following earlier judgments in favour of its subsidiary, Oil Search (ROY) Limited (“OSROY”).
- Multiple attempts by the Execution Court to transfer the awarded funds via Qatar National Bank (“QNB”) were unsuccessful, due to procedural deficiencies and subsequent rejection by the bank, which maintained that it was not a party to the underlying legal proceedings.
- As a result of these failed transfers, the Company’s legal counsel submitted further clarification and interpretation requests to the Court of Appeals of Jordan to determine the appropriate mechanism for payment, including whether the funds should be transferred directly to the subsidiary’s nominated bank account or to legal counsel’s trust account in Jordan.
- Progress during the year was intermittently affected by court recess periods, procedural suspensions, and evolving administrative requirements within the Jordanian judicial system.
- Following the resumption of court activity, the Company supported further legal steps to clarify the enforcement mechanism applicable to the awarded funds, given ongoing uncertainty regarding the appropriate transfer pathway.
- Changes in judicial leadership during the year provided an opportunity for the matter to be reconsidered, with the objective of expediting resolution and reducing execution risk.
- Additional procedural applications were submitted to address ambiguities in the prior judgments and to seek confirmation of an alternative method for releasing the funds, without reliance on an uncooperative intermediary.
- Toward the end of the year, the Company was advised that further judicial consideration was required to finalise the execution process, with the matter continuing to progress through the courts.
- Subsequent to year end, a clarification judgment confirmed the subsidiary’s entitlement to the awarded funds, and further procedural steps were initiated to facilitate the most efficient and secure method of transfer, with the matter remaining under judicial review.

Refer to “*Note 21. Contingencies and Legal Matters*” within the notes to the consolidated financial statements for further details.

Annual Report

For the year ended 31 December 2025

2025 Year in Review (continued)

Operations

Damis Block S-1 Production Licence, Yemen

- During 2025, Damis Block S-1 remained shut-in and subject to Force Majeure due to ongoing political instability and conflict in the Republic of Yemen and the broader Middle East. Accordingly, oil production from the An Nagyah Oilfield in Block S-1 continued to be suspended pending an improvement in security conditions that would allow for the safe resumption of operations.
- In late 2025, the joint venture finalised the 2026 Work Program and Budget (“WP&B”), which largely mirrors the work programs approved for 2025 and 2024. The plan continues to focus on the early reactivation of five shut-in wells, targeting initial production of approximately 1,000 bopd from the first well, with a staged increase to approximately 5,000 bopd over an eight-month period.
- The WP&B also provides for the refurbishment and recommissioning of the Central Processing Facility (“CPF”), which has a processing capacity of up to 20,000 barrels per day, within the same timeframe. In addition, up to 17 existing production wells are available to support the planned production ramp-up once operations resume.
- Once production recommences, produced oil is planned to be transported by truck to the Block 4 pipeline and subsequently delivered to the Bir Ali Oil Terminal for export and sale.

Block 7, Al Barqa Permit, Yemen

- Throughout 2025, Block 7 remained under Force Majeure, with no exploration or development activities undertaken during the year.
- The Company continues to await the resolution of the Block 7 LoC litigation, together with an improvement in the political and security environment in the Republic of Yemen.
- Consistent with prior years, no activities are planned for Block 7 until Damis Block S-1 has been safely returned to production and operating conditions allow for a resumption of exploration activities.

Financial

- Net production: nil (previous corresponding period: nil).
- Net oil and gas revenues (after royalties): nil (previous corresponding period: nil).
- EBITDAX: negative US\$0.1 million (previous corresponding period: negative US\$0.1 million).
- Net profit after tax: loss after tax of US\$4.8 million (previous corresponding period: loss after tax of US\$4.9 million).
- Cash as at 31 December 2025: US\$70,000 (previous corresponding period: US\$72,000).
- US\$15 million Convertible Note Facility: US\$14.35 million drawn as of 31 December 2025 (previous corresponding period: US\$14.2 million).

Annual Report

For the year ended 31 December 2025

Chairman's Report

Dear Shareholder,

I am pleased to present the Chairman's Report for Petsec Energy Ltd for the financial year ended 31 December 2025.

Throughout 2025, Petsec Energy Ltd continued to operate in an exceptionally challenging environment, characterised by ongoing geopolitical instability in the Middle East and prolonged legal and administrative processes affecting the recovery of Company Letter of Credit ("LoC") funds. Despite these challenges, the Board and management remained disciplined and focused on preserving shareholder value, maintaining corporate compliance, and ensuring the Company is positioned for a return to production when circumstances allow.

Geopolitical Environment

Throughout 2025, the geopolitical environment across the Middle East remained volatile. Ongoing regional conflict and heightened security risks continued to disrupt economic activity and materially constrain the oil and gas sector in Yemen. These conditions resulted in the continued suspension of oil production across the country and prevented the safe mobilisation of personnel and equipment required to resume field operations.

Against this backdrop, the Damis Block S-1 joint venture adopted a conservative and risk-averse approach, prioritising the safety of personnel, the protection of assets, and the preservation of long-term value. While the lack of operational progress was frustrating, the Board remains firmly of the view that patience and prudence are essential in the current environment.

Damis Block S-1 Production Licence, Yemen

Damis Block S-1 remained shut-in and subject to Force Majeure throughout 2025 as a direct result of the prevailing security situation. No production activities were undertaken during the year. However, the Company continued to engage closely with its joint venture partner (and operator) to ensure that the asset remains technically and operationally ready for a future restart.

Late in the year, the joint venture finalised the 2026 Work Program and Budget ("WP&B"), which is substantially consistent with the work programs approved in both 2025 and 2024. The WP&B is designed to support a staged and controlled reactivation of five shut-in wells, targeting initial production of approximately 1,000 barrels of oil per day ("bopd"), with a ramp-up to approximately 5,000 bopd over an eight-month period. The program also provides for the refurbishment and recommissioning of the Central Processing Facility, which has a processing capacity of up to 20,000 bopd, thereby providing flexibility for future production growth. Additional existing wells may also be brought back online to support the ramp-up profile once conditions permit.

The Board continues to regard Damis Block S-1 as a high-quality asset with significant latent value that can be unlocked once the operating environment stabilises.

Block 7, Al Barqa Permit, Yemen

Block 7 remained under Force Majeure throughout 2025, with no exploration or development activities undertaken during the year. The Company continues to await both an improvement in the political and security environment in Yemen and the resolution of matters relevant to Block 7. Consistent with prior years, and in line with prudent capital management, no activities are planned for Block 7 until Damis Block S-1 has been safely and successfully returned to production.

Legal and Funding Matters

During the year, the Company continued to pursue the recovery of its LoC funds awarded through the Jordanian court system. While progress was achieved during 2025, the enforcement process remained subject to procedural complexity and delays. Subsequent to year end, a clarification judgment confirmed the Company's entitlement to the funds, and further procedural steps are underway to facilitate the most efficient, secure, and practical method of transfer. The Board remains cautiously optimistic regarding the eventual recovery of these funds.

In order to fund ongoing corporate activities during this extended period without production, the Company accessed US\$150,000 under its Convertible Note Facility ("CN Facility") during 2025 to meet administrative, compliance, and corporate costs. As at 31 December 2025, cumulative drawings under the CN Facility totalled US\$14.35 million.



Annual Report

For the year ended 31 December 2025

Chairman's Report (continued)

Legal and Funding Matters (continued)

Importantly, in December 2025 the Noteholders agreed to extend the term of the CN Facility for a further two years, from January 2026 to January 2028, and to make available an additional US\$150,000 to meet anticipated administrative costs in FY2026.

The Board sincerely appreciates the continued support and patience of the Noteholders, which has been instrumental in enabling the Company to navigate an extended period of inactivity while preserving the integrity of its asset base.

Financial Performance

As expected, the Company recorded no production or revenue during FY2025. EBITDAX for the year was negative US\$0.1 million, consistent with the prior corresponding period. The net loss after tax for the year was US\$4.8 million, compared with a loss of US\$4.9 million in the previous year, with the result primarily reflecting ongoing interest costs associated with the CN Facility.

Cash on hand at 31 December 2025 was US\$70,000. Cost control and disciplined cash management remained a central focus throughout the year.

Outlook

While 2025 was a year characterised by constraint rather than execution, the Board remains firmly focused on protecting shareholder value and maintaining readiness for a resumption of operations. The successful restart of production at Damis Block S-1 remains the Company's highest operational priority once security and political conditions permit. In parallel, the Company continues to pursue the recovery of its outstanding LoC funds and to manage costs conservatively.

On behalf of the Board, I would like to thank our shareholders, Noteholders, and joint venture partner for their continued patience and support during this prolonged period of uncertainty. While the timing of a recovery remains outside the Company's control, the Board remains confident that, with an improvement in regional conditions and the resolution of outstanding matters, Petsec Energy Ltd will be well positioned to unlock the underlying value inherent in its assets.

TN Fern
Chairman

Directors' Report

For the year ended 31 December 2025

The directors present their report together with the Financial Report of Petsec Energy Ltd ("the Group"), being Petsec Energy Ltd (the Company) and its subsidiaries, for the financial year ended 31 December 2025 and the independent auditor's report thereon.

1. Directors

The names and particulars of the qualifications and experience of each director during or since the end of the financial year are:

Terrence N Fern

Executive Chairman

Mr Fern has been a director since 1987 and has over 50 years of extensive international experience in petroleum and minerals exploration, development, and financing. He holds a Bachelor of Science degree from the University of Sydney and has followed careers in both exploration geophysics and natural resource investment.

Barry J Dawes

Non-executive Director

Chairman of the Audit Committee and member of the Nomination and Remuneration Committee

Mr Dawes has been a director since September 2020 and is a graduate of Sydney University in Geology with studies in Economics and Geography at ANU and has over 40 years' experience in the resources investment sector. Mr Dawes has worked in senior executive roles in investment management with BT Australia, equities research for Deutsche Bank and equities research and corporate finance for Macquarie Bank.

Mr Dawes is the founder and principal of Martin Place Securities, a specialised small cap resources stock broking firm set up in 2000 and has been a long-term supporter of the Company.

Francis M Douglas KC

Non-executive Director

Chairman of the Nomination and Remuneration Committee and member of the Audit Committee

Mr Douglas has been a director since September 2020 and is a graduate of the University of Queensland and the University of Cambridge in Law. He has been a member of the NSW Bar since 1975 and a Kings Counsel (KC) since 1988. He has practiced in all areas of commercial law including international commercial arbitration. He has extensive experience in mineral and oil and gas related matters.

Brent D Emmett

Technical Director

Member of the Audit and Nomination and Remuneration Committees

Mr Emmett has been a director since November 2020 and has over 45 years' experience in petroleum exploration, exploration and production management and investment banking. He holds a Bachelor of Science First Class Honours degree in physics and geophysics from Adelaide University.

Mr Emmett began work as an explorationist in Australia, Papua New Guinea, and New Zealand for Esso (now ExxonMobil) and then Elf Aquitaine. He joined Ampolex as Exploration Manager in 1983 and filled general management roles in North and South America, International and Business Development, and was a member of the Executive Committee. From 1997 until 2001 Mr Emmett was Managing Director – Oil & Gas Advisory with the investment banking firm of CIBC World Markets. Mr Emmett was the Chief Executive Officer and Managing Director of Horizon Oil for 17 years, where he was a member of the risk management and disclosure committees. He retired as CEO of Horizon Oil in June 2018 and remains actively involved in the oil business as a senior advisor to industry participants. Mr Emmett is a Director of Australian Doctors International.

2. Executive Officers

Paul Gahdmar

Chief Financial Officer and Company Secretary

Mr Gahdmar joined the Company in 1999 as the Financial Accountant of the Petsec Energy Ltd group and has since held several management positions within the Company. Mr Gahdmar was appointed as the Company Secretary of Petsec Energy Ltd in 2008 and took on the position of Chief Financial Officer in addition to his current role as Company Secretary, effective 1 January 2021.

Mr Gahdmar has over 35 years of experience in corporate accounting and finance in listed companies within the mining and resources industry. Mr Gahdmar holds a Master of Business and Technology degree from The University of New South Wales and a Diploma in Investor Relations from the Australasian Investor Relations Association. Mr Gahdmar is a Fellow of the Institute of Public Accountants.

Directors' Report

For the year ended 31 December 2025

3. Directors' meetings

The Board has a formally constituted Audit Committee and a Nomination and Remuneration Committee. Mr Dawes chairs the Audit Committee and Mr Douglas the Nomination and Remuneration Committee. Messrs Douglas, Dawes, and Emmett are members of the two committees.

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are as follows:

	Regular Board Meetings	Additional Board Meetings	Audit Committee Meetings	Nomination & Remuneration Committee Meetings
Total number held during the year	7	-	4	2
T N Fern ¹	7	-	4	2
B J Dawes	7	-	4	2
F M Douglas	4	-	3	1
B D Emmett	6	-	3	2

¹ Mr Fern attended the Audit and Nomination & Remuneration Committee meetings as an invitee.

4. Remuneration report

The Remuneration Report is set out on pages 19 to 26 and forms part of the Directors' Report for the financial year ended 31 December 2025.

5. Principal activities

The principal activities of the Group during the year were focused on securing and progressing its oil interests in two lease blocks, onshore in the Republic of Yemen – the Damis Block S-1 Production Licence and the Al Barqa, Block 7 Exploration Permit.

6. Financial review

The Group reported a net loss after tax of US\$4.8 million for the twelve months ended 31 December 2025 (previous corresponding period: net loss after tax of US\$4.9 million) after the recognition of net financial expense of US\$4.7 million in relation to the Convertible Note Facility ("CN Facility").

Net financial expense of US\$4.7 million (previous corresponding period: US\$4.8 million) comprised interest expense and other costs incurred in connection with the CN Facility.

Consistent with prior periods, the Group recorded no oil and gas production and generated no operating revenues during FY2025. Since the divestment of the Company's USA oil and gas interests in 2020, the Group has remained in a non-producing phase.

The Group continues to await authorisation and approvals from the Ministry of Oil and Minerals in the Republic of Yemen, together with an improvement in security conditions, to enable access to export transport infrastructure and the recommencement of oil production from the An Nagyah Oilfield in Damis Block S-1.

No lease operating costs were incurred during the year (previous corresponding period: nil). Geological, geophysical, and administrative costs for the period totalled approximately US\$0.2 million (previous corresponding period: US\$0.2 million), reflecting continued cost discipline while operations remain suspended.

The Group reported negative earnings before interest, income tax, depreciation, depletion and amortisation, and exploration expense ("EBITDAX") of US\$0.1 million for FY2025, consistent with the prior corresponding period.

The restart of production at the An Nagyah Oilfield remains the Group's primary operational objective. Subject to securing the necessary approvals and an improvement in operating conditions, it is expected that production at prevailing oil prices would generate sufficient cash flows over the field's life to service the Group's debt obligations and provide additional revenue.

Financial position

Cash Deposits

As at 31 December 2025, the Company held cash deposits of US\$70,000 (31 December 2024: US\$72,000), held in a combination of Australian and US dollars.

Directors' Report

For the year ended 31 December 2025

6. Financial review (continued)

Financial position (continued)

Convertible Note Facility

As at 31 December 2025, total drawings under the Company's US\$15 million CN Facility amounted to US\$14.35 million (previous corresponding period: US\$14.2 million).

Refer "Note 15 – Interest bearing loans and borrowings" in the notes to the consolidated financial statements for further details.

7. Operations review

Petsec Energy Ltd (the "Company") is an independent oil and gas exploration and production company. The Company holds interests in two onshore blocks in the Republic of Yemen, 80 kilometres apart in the Marib Basin – Damis (Block S-1) Production Licence and Al Barqa, Block 7, Exploration Licence.

Middle East and North Africa ("MENA")

Republic of Yemen

The Company holds interests in two onshore blocks in the Republic of Yemen, located approximately 80 kilometres apart in the Marib Basin: the Damis Block S-1 Production Licence and the Al Barqa, Block 7 Exploration Licence.

Both assets remained impacted by Force Majeure during FY2025 due to ongoing political instability and security constraints.

Damis Block S-1 Production Licence

Petsec: 25% carried working interest (20.625% participating interest)

Petsec Energy acquired 100% of Damis Block S-1 in late 2015/early 2016 from wholly owned subsidiaries of Occidental Petroleum Corporation and TransGlobe Energy Corporation.

Damis Block S-1 is located approximately 80 kilometres southwest of the Al Barqa (Block 7) Exploration Licence and contains five significant oil and gas discoveries.

The principal asset is the An Nagyah Oilfield, which was developed and produced oil from 2004 until production was suspended in 2014 due to the deterioration of security conditions in Yemen. Since commencement of production, An Nagyah has produced approximately 25 million barrels of oil from original recoverable reserves estimated at around 50 million barrels.¹

In addition to An Nagyah, Block S-1 includes four undeveloped oil and gas fields – Osaylan, An Naeem, Wadi Bayhan, and Harmel – which collectively hold significant undeveloped resources estimated at approximately 35 million barrels of oil and 600 Bcf of gas.² These fields represent substantial potential for future reserve growth and production once operating and security conditions allow for their development.

Export infrastructure to the Red Sea via the Marib Pipeline and Ras Isa Terminal has remained unavailable since 2015. However, an alternative export route was completed in 2020, enabling oil from An Nagyah to be trucked to the Block 4 pipeline and transported south to the Bir Ali Oil Terminal for export, once operations resume.

In late 2020, the Company satisfied the Yemeni Government's requirement to appoint a financially strong and experienced local operator. Operatorship of Block S-1 was assumed by Octavia Energy (Block S-1), Inc., following the acquisition of the Company's former subsidiary, Yemen (Block S-1), Inc. (holds 75% working interest and operatorship), by Yung Holdings Limited, a subsidiary of Octavia Energy Corporation, a MENA-focused oil and gas producer supported by the Hayel Saeed Anam Group. The operator maintains offices in Cairo and Aden and has undertaken extensive preparatory work to enable a future restart of production.

Throughout FY2025, Block S-1 remained shut-in and subject to Force Majeure. No production or field activities were undertaken during the year. In late 2025, the joint venture finalised the 2026 Work Program and Budget, which is substantially consistent with the programs approved for 2025 and 2024. The plan continues to prioritise the staged reactivation of five shut-in wells, with initial production targeted at approximately 1,000 bopd and a ramp-up to approximately 5,000 bopd over an eight-month period. The program also provides for refurbishment and recommissioning of the Central Processing Facility and the potential reactivation of up to 17 existing An Nagyah production wells to support the planned production profile.

1. Based on estimates by previous operator and DeGolyer and McNaughton Canada Limited. The Company intends to commission an updated reserves report following the resumption of production at the An Nagyah Oilfield.

2. Source: Wood Mackenzie Asia Pacific Pty Ltd (November 2015).

Directors' Report

For the year ended 31 December 2025

7. Operations review (continued)

MENA (continued)

Al Barqa Block 7 Exploration Licence

Petsec: 75% working interest (63.75% participating interest)

Petsec Energy acquired its interest in the Al Barqa Block 7 Exploration Licence in Yemen between 2014 and 2017 through transactions with AWE, Mitsui, and Oil Search Ltd. The Company holds operatorship of the block through its wholly owned subsidiary Oil Search (ROY) Limited, and has a 75% working interest, equating to a 63.75% participating interest, in the Al Barqa (Block 7) Joint Venture.

The Al Barqa (Block 7) Exploration Licence is an onshore permit covering approximately 5,000 square kilometres in the Shabwah Basin. The Company holds operatorship through its wholly owned subsidiary, Oil Search (ROY) Limited.

Block 7 contains the undeveloped Al Meashar Oilfield discovered in 2010 – 2011 by two exploration wells, and eight prospects and leads each holding significant oil potential identified by 2D and 3D seismic surveys. The four largest prospects range in target size from 174 MMbbls to 439 MMbbls.

The two exploration wells are estimated to contain combined target resources of between 11 MMbbls and 110 MMbbls. Both wells are currently suspended for future production. Short-term testing recorded flow rates ranging from 200 to 1,000 barrels of oil per day. The wells intersected an approximately 800-metre oil column within the Kuhlun and Basement formations, which are analogous to those of the nearby Habban Oilfield, located approximately 14 kilometres to the west and containing an oil column of approximately 945 metres.

The Habban Oilfield is estimated to contain ultimate recoverable reserves of approximately 350 million barrels of oil. In recent years, production has varied between approximately 4,000 and 14,000 barrels of oil per day, with output transported via the Block 4 export pipeline to the Bir Ali export terminal to the south. Prior to March 2015, when oilfield operations across Yemen were suspended due to the outbreak of civil war, the field was producing up to 30,000 barrels of oil per day, with oil trucked to Block 18 for pipeline transport west to the Ras Isa terminal on the Red Sea. Oil exports from Yemen have remained suspended since September 2022 following drone attacks on the export terminals at Bir Ali and Mukalla, on the Arabian Sea.

Throughout FY2025, Block 7 remained under Force Majeure, and no exploration or appraisal activities were undertaken. Consistent with prior years, no work is planned on Block 7 until Damis Block S-1 has been safely returned to production and security and operating conditions in Yemen materially improve.

Directors' Report

For the year ended 31 December 2025

7. Operations review (continued)

Oil and Gas Reserves

Petsec Energy Group Net Reserves as of 1 January 2026

<i>Oil Equivalent (Mboe ¹)</i>	Net Proved Reserves ³	Net Probable Reserves ³	Net Proved and Probable Reserves ³
Republic of Yemen Reserves ²			
Reserves as of 1 January 2025	1,135.0	277.0	1,412.0
Additions/(revisions)	-	-	-
Total Petsec Energy Group Reserves as of 1 January 2026	1,135.0	277.0	1,412.0
Developed	1,135.0	277.0	1,412.0
Undeveloped	-	-	-

Footnotes

- Mboe = One thousand barrels of oil equivalent (using a ratio of approximately six thousand cubic feet of natural gas to one barrel of oil).*
- The reserve assessments presented in the table above and throughout this report are consistent with that disclosed in the section "Oil and Gas Reserves" in the Company's 2024 Annual Report lodged with ASIC on 28 February 2025.*
The reserves are stated only for oil in the An Nayah Oilfield and are unchanged from the initial assessment announced to the ASX on 15 March 2016 using a Brent oil price of US\$30/bbl and 5,000 bopd trucked 580 kilometres to PetroMasila's Block 14 truck unloading facilities. The reported reserves represent the Company's 25% interest share. The Company intends to commission an updated reserves report following the resumption of production at the An Nayah Oilfield.
The Company confirms that it is not aware of any new information or data that materially affects the information included in these announcements, and that all the material assumptions and technical parameters underpinning the estimates therein continue to apply and have not materially changed.
- Net reserves mean those reserves representing the Company's net revenue interest (or net economic interest). Reserves are net of those reserves used to meet all costs - operational, government taxes and government participation in Yemen, according to the terms of the Damis (Block S-1) Petroleum Sharing Agreement (PSA) with the Yemen government. The Yemen net reserves are free of all costs.*

To ensure accuracy and compliance of reserves estimations, the Company has put in place a robust process that incorporates the following governance arrangements and internal controls:

- At least once a year, as part of the year-end reporting procedures, the Company's producing oil and gas reserves are to be reviewed by an external, independent expert. The independent verified reserves are to be used as the basis for depreciation, depletion, and amortisation calculations.
- All releases or reports containing statements of reserves are to be in accordance with ASX listing rules, requiring sign-off for content and context by an appropriately qualified person and in accordance with the Company's Reserves Policy.

Director's Report

For the year ended 31 December 2025

8. Objectives, strategy, future performance, and risks

It is the Group's objective to increase the value of the Company and thus shareholder value through successful oil and gas exploration, development, and production, and through acquisitions. The Group's strategy to meet the above objective is to produce its current reserves in Damis (Block S-1), Yemen and to explore opportunities to acquire other oil and gas reserves as they become available.

The Group's strategy considers the expected operating and market conditions, together with general economic conditions, which are inherently uncertain. The Group has in place, structured and proactive risk management and internal control systems to manage material risks. Certain of those risks are inherent to the Group's business, such as drilling for, producing, and marketing oil and gas. Although the Group is committed to minimising its risk exposure, many risks are largely beyond the control of the Group and its directors. Moreover, other more general risks associated with the vicissitudes of commercial life, political change, and cyclical economic conditions are risks that the Group cannot control. The following are those risks which management and the Board consider to be material business risks that could adversely affect the achievement of the financial prospects of the Company discussed above:

Drilling and Production Risks

Drilling for oil and natural gas is subject to numerous risks. Paramount is the risk that drilling operations will not result in the discovery of commercially productive oil or natural gas reservoirs. Also, projects are subject to economic risks. Before beginning a drilling project, the Company can only estimate the cost of drilling and completing wells as many indeterminable factors can affect the total cost. For example, oil and natural gas drilling and production activities may be extended, shortened, delayed, or cancelled because of a variety of factors, many of which are beyond the Company's control. These risks may negatively impact the economics of drilling projects. In part, these factors include:

- Unexpected drilling conditions including abnormal geological pressure or irregularities in formations.
- Equipment failures or accidents.
- Weather conditions, including hurricanes and other tropical weather disturbances.
- Shortages in experienced labour.
- Shortages, delays in the delivery, or high cost of drilling rigs and equipment.
- Constraints on access to transportation systems (pipelines) delaying sale of oil and natural gas.
- Reduction or losses of resources or reserves.
- Acquiring and maintaining title to its interests.
- Unresolved landowner or regulatory issues; and
- Inability of third-party joint venture partners to participate in or fund their share of drilling and production activities.

Operating Risks

The exploration for and development and production of oil and natural gas involves a variety of industry operating risks. If any of these industry-operating risks occur, the Company could have substantial losses. Substantial losses could include injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. These risks include:

- Fire, explosions, blow-outs, and surface cratering.
- Lost or damaged oilfield drilling pipe and service tools.
- Casing or cement failures.
- Environmental hazards caused by oil spills, natural gas leaks, pipeline ruptures or discharges of toxic gases; and
- Hazards of marine operations such as capsizing, collision and adverse weather and sea conditions.

Pricing Risks

The marketing and sale of oil and natural gas is subject to the risk of adverse commodity price fluctuations that impact cash flow. Some factors that affect commodity prices include:

- Relatively minor changes in the supply of and demand for oil and natural gas.
- Market uncertainty.
- The level of consumer product demand.
- Weather conditions.

Directors' Report

For the year ended 31 December 2025

8. Objectives, strategy, future performance, and risks (continued)

Pricing Risks (continued)

- Domestic and foreign governmental regulations.
- The price and availability of alternative fuels.
- Technological advances affecting oil and natural gas consumption.
- Political and economic conditions in oil producing countries, particularly those in the Middle East.
- Policies of the Australian and foreign governments.
- The foreign supply of oil and natural gas.
- The price of oil and natural gas imports; and
- General economic conditions.

To reduce the impact of price fluctuations, from time to time, the Company has used derivative financial instruments, such as natural gas swaps, puts and costless collars, on a portion of its future production. However, such hedging activities may not be sufficient to protect the Company against the risk of price declines and may limit income and liquidity if prices rise.

- Hedging activities that are intended to reduce the risk of downward price fluctuations on a portion of our future production may limit the Company's potential income if oil and gas prices rise above a level established by its hedge instruments.
- Hedging counterparties require collateral when the mark-to-market value of our hedge instruments is in the counterparties' favour and exceeds the Company's credit limits with such counterparties. As a result, the Company may be required to provide substantial security to the counterparties when commodity prices change significantly. The security provided may be in the form of cash or letters of credit, and thus, could have a significant impact on the Company's liquidity.

Exchange Rate Risks

Adverse exchange rate variations between the United States ("US") dollar and the Australian dollar may impact upon cash balances held in Australian dollars. Since most of the Company's operations are conducted in US dollars, the Company generally maintains a substantial portion of its cash balances in US dollar accounts. Occasionally, however, it may have some cash deposits in Australian dollar accounts. Until these funds are converted into US dollars, the US dollar value of the deposits will change as the exchange rate between the two currencies fluctuates.

Other Risks

Other factors can impact the environment in which the Company operates and thus can affect its ability to perform as desired. Such factors include:

- Changes in legislation and Government regulation in the countries in which the Company operates.
- Political and societal risks from wars, social and ethnic unrest, changes in government and insurgencies in the districts, regions, and countries in which the Company operates.
- Environmental risks from existing and new regulations and standards being applied in the jurisdictions in which the Company operates.
- General economic conditions in the countries in which the Company operates.
- Stock market conditions in Australia.
- Fluctuations in asset values; and
- Availability of and access to capital.

9. Dividends

Directors do not recommend the payment of a dividend for the financial year ended 31 December 2025. No dividends were paid during the financial year.

10. Significant changes in state of affairs

There were no significant changes to the state of affairs of Petsec Energy during the financial year, other than those detailed in the "Financial review" and "Operations review" sections of this report.

Directors' Report

For the year ended 31 December 2025

11. Environmental regulation

The Group's oil and gas exploration and production activities are subject to significant environmental regulation under legislation in the jurisdictions where it has operations. The Group is committed to achieving a high standard of environmental performance and compliance with all lease conditions. Directors are not aware of any breach of environmental compliance requirements relating to the Group's activities during the year.

12. Likely developments

The Group's key objectives and likely developments for the period ahead are outlined below:

- Support the restart of production at the An Nayah Oilfield**
 The Group's primary operational focus remains supporting the operator of Damis Block S-1 in achieving a safe and orderly restart of production at the An Nayah Oilfield, subject to improvements in security conditions and the receipt of all necessary governmental approvals. A successful restart is expected to generate operating cash flows that may be applied toward servicing and repaying the Group's outstanding debt obligations, strengthening the balance sheet, and positioning the Group for future growth.
- Progress recovery of Block 7 Letter of Credit ("LoC") funds**
 The Group will continue to pursue the recovery of the funds awarded under the Block 7 LoC through ongoing legal and procedural processes. Resolution of this matter would improve liquidity and provide additional financial flexibility during the pre-production phase.
- Maintain operational readiness and cost discipline**
 While operations remain suspended, the Group will continue to maintain asset readiness, preserve value, and carefully manage costs, ensuring it is well positioned to recommence activities promptly once conditions permit.
- Assess strategic opportunities**
 In parallel, the Group will continue to monitor and selectively assess potential oil and gas opportunities, including those outside Yemen, where they align with the Group's strategic objectives and risk profile.

The timing of these developments remains dependent on external factors, including geopolitical conditions and regulatory approvals. The Board will continue to keep shareholders informed of material progress as circumstances evolve.

13. Directors' interests

The relevant interest of each director in the shares or options over such instruments issued by the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G (1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Ordinary Shares	Options over Ordinary Shares
T N Fern	77,194,372	Nil
B J Dawes	6,473,579	3,000,000
F M Douglas	Nil	3,000,000
B D Emmett	Nil	6,000,000

Directors' Report

For the year ended 31 December 2025

14. Share options

Options granted to directors and officers of the Company (key management personnel)

Options under the Employee Option Plan

During or since the end of the financial year:

- No unlisted options over ordinary shares in the Company were granted to key management personnel under the Employee Option Plan (2024: nil).
- No unlisted options over ordinary shares were forfeited (2024: nil).
- No ordinary shares have been issued by the Company as result of the exercise of options (2024: nil).

Options outside the Employee Option Plan

During or since the end of the financial year:

- 3,000,000 unlisted options over ordinary shares in the Company were granted to key management personnel outside the Employee Option Plan (2024: 9,000,000), following approval by shareholders at the General Meeting held on 30 May 2025.
- 3,000,000 unlisted options over ordinary shares were forfeited (2024: 10,000,000).
- No ordinary shares have been issued by the Company as result of the exercise of options (2024: nil).

Option grants to persons other than key management personnel

During or since the end of the financial year:

- No unlisted options over ordinary shares in the Company were granted to persons other than key management personnel (2024: 3,000,000).
- No ordinary shares have been issued by the Company as result of the exercise of options (2024: nil).

15. Indemnification and insurance of officers

The Company's directors' and officers' liability insurance expired on 7 June 2020 at 4.00 p.m.

The Company was not able to renew the policy due to several factors, including the financial circumstances of the Company at that time and the drastic change in the insurance market which resulted in insurers reducing capacity, increasing deductibles and significant increasing policy premiums.

16. Non-audit services

Details of the amounts paid or payable to the Company's auditor for non-audit services provided during the financial year are outlined in "Note 7 – Auditor's remuneration" of the accompanying Financial Statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

17. Lead auditor's independence declaration

The Lead Auditor's Independence Declaration is set out on page 26 and forms part of the Directors' Report for the financial year ended 31 December 2025.

18. Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

Directors' Report

For the year ended 31 December 2025

19. Consolidated Entity Disclosure Statement

The information disclosed in the attached consolidated entity disclosure statement is true and correct.

20. Events subsequent to balance date

Other than as disclosed, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

This report is made with a resolution of the directors:

A handwritten signature in black ink, appearing to read "T N Fern", is written over a faint, light-colored circular stamp or watermark.

T N Fern
Director

Sydney, 10 March 2026

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report

21.1 Introduction

This Remuneration Report forms part of the Directors' Report. It outlines the overall remuneration strategy, framework and practices adopted by the Company and the Group ("Petsec Energy Group") for the year ended 31 December 2025 and has been prepared in accordance with Section 300A of the *Corporations Act 2001* and its regulations.

In accordance with the *Corporations Act 2001*, remuneration details are disclosed for the Petsec Energy Group's Key Management Personnel.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Petsec Energy Group. Key management personnel comprise the directors of the Company and senior executives of the Petsec Energy Group, whose names appear in the tables in section 20.5 of this report.

21.2 Executive summary

The Board's remuneration policy is to provide fair and market competitive levels of remuneration for all employees, including directors and key management personnel in order for the Company and the Petsec Energy Group to benefit by attracting and retaining a high-quality team.

The Company has a Nomination and Remuneration Committee to assist the Board in the implementation and administration of the remuneration policy – refer to *section 20.3*, below.

The key developments during the year in the implementation and administration of the remuneration policy included:

- The annual review of key management personnel performance.
- Annual review of the Nomination & Remuneration Committee Charter.

21.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee oversees the appointment and induction process for directors and committee members, and the selection, appointment, and succession planning process of the Company's Chief Executive Officer. The Committee makes recommendations to the Board on the appropriate skill mix, personal qualities, and expertise of each position. When a vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary.

The Committee reviews and makes recommendations to the Board on compensation packages and policies applicable to the executive officers and directors of the Petsec Energy Group. It is also responsible for oversight of employee share and option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefits policies, deeds of access and indemnity, and professional indemnity and liability insurance policies.

Executive compensation and other terms of employment are reviewed annually by the Nomination and Remuneration Committee having regard to performance against goals set at the start of the year, relevant corporate information, and where appropriate independent expert advice.

The Nomination and Remuneration Committee comprised the following members during the year:

- F M Douglas (Chairman) – Independent Non-executive Director
- B J Dawes – Independent Non-executive Director
- B D Emmett – Technical Director

The Board policy is that the Nomination and Remuneration Committee will comprise a majority of non-executive directors and a non-executive chairman.

The Nomination and Remuneration Committee meets at least twice a year and as required. The Committee met twice during the year, and the Committee members' attendance record is disclosed in the table of directors' meetings.

The Nomination and Remuneration Committee's Charter is available on the Company's website www.petsec.com.au.

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.4 Principles of compensation

Compensation levels for key management personnel are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The Nomination and Remuneration Committee obtains peer comparisons and/or independent advice on the appropriateness of compensation packages of the Petsec Energy Group, given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of the Company's objectives, and achieve the broader outcome of creation of value for shareholders.

The compensation structures consider:

- The capability and experience of the key management personnel; and
- The ability of key management personnel to control the relevant performance of their segment of operation.

Compensation packages include a mix of fixed compensation and performance-based incentives, including equity-based incentives as set out below.

In addition to their salaries, the Petsec Energy Group also provides non-cash benefits to its key management personnel as set out below and contributes to post-employment defined contribution superannuation plans in Australia.

Fixed compensation

Fixed compensation consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds in Australia. Non-cash benefits comprise employer payments towards life and salary continuance insurance benefits.

The Nomination and Remuneration Committee reviews compensation levels and other terms of employment annually through a process that considers individual, segment and overall performance of the Company against goals set at the start of the year. In addition, where necessary, external consultants provide analysis and advice to ensure the directors' and senior executives' compensation is competitive in the marketplace.

Performance-linked compensation

Performance-linked compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding the Company's financial objectives and agreed individual objectives. The short-term incentive (STI) is an "at risk" bonus provided in the form of cash or ordinary shares in the Company, while the long-term incentive (LTI) is provided as either shares or options over ordinary shares of the Company under the rules of the Employee Share and Option Plans approved by shareholders at the Annual General Meeting held on 28 May 2021 (see Note 17(b)). The maximum number of securities in aggregate that may be issued under the Employee Share and Option Plans is 21,033,215.

Short-term incentive

Short-term incentives are provided to key management personnel through discretionary bonuses as determined and granted by the Company's Nomination and Remuneration Committee. Factors considered by the Committee when granting discretionary bonuses include personal performance, the achievement of strategic objectives, and the retention and motivation of employees. No short-term incentives were awarded to key management personnel during the year.

Long-term incentive

Certain key management personnel are also provided with long-term incentives through participation in the Company's Employee Share and Option Plans, subject to the approval of the Committee. Key management personnel are typically offered options on an annual basis with the exercise price of the shares or options based on the weighted average market price of the Company's ordinary shares for the five trading days preceding the date of issue, subject to a minimum exercise price of 20 cents.

During the year, no shares or options over ordinary shares were issued to key management personnel as long-term incentive compensation under the Employee Share and Option Plans (previous corresponding period: nil).

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.4 Principles of compensation (continued)

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the remuneration committee have regard to the following indices in respect of the current financial year and the previous four financial years.

	2025	2024	2023	2022	2021
Loss attributable to owners of the company ¹	(US\$4,831,000)	(US\$4,945,000)	(US\$4,537,000)	(US\$1,694,000)	(US\$3,021,000)
Dividend paid	-	-	-	-	-
Closing share price as at 31 December ²	n/a	n/a	n/a	n/a	A\$0.021
Change in share price	n/a	n/a	n/a	n/a	-

1. Net profit/(loss) amounts for 2021 to 2025 have been calculated in accordance with Australian Accounting Standards (AASBs).
2. Petsec Energy Ltd was removed from the Official List of the ASX on 4 April 2022.

Service and employment agreements

Remuneration and other terms of engagement of executive employees are formalised in service agreements that are unlimited in term but capable of termination by varying periods of notice or by payment of an amount in lieu of notice. The service agreements generally outline the components of compensation paid, but do not prescribe how compensation levels are modified from year-to-year. Compensation levels are reviewed each year in light of cost-of-living changes, performance, and changes in the scope of the role performed by the executive and changes required to meet the principles of the compensation policy.

The Executive Chairman, Mr Fern, is engaged via Geofin Consulting Services Pty Limited ("Geofin"), a company of which Mr Fern is a director. The Company may terminate this agreement without cause by giving not less than twelve months' notice or pay an amount equal to the fees for twelve months in lieu of notice. Mr Fern may terminate the agreement with not less than six months' notice. In the event of a breach of the agreement by the Company, Mr Fern may terminate the agreement by giving one month's notice and would be entitled to a payment equal to fees for a twelve-month period.

Non-executive directors

Directors' fees are set having regard to periodic advice from external remuneration consultants, market surveys and the level of fees paid relative to those of other comparable companies. Directors' fees comprise base fees, plus statutory superannuation for Australian directors. Directors are also entitled to reasonable travel, accommodation and other expenses incurred in attending meetings or while engaged on Company business.

Non-executive directors do not receive performance-related compensation. Directors' fees cover all main Board activities and membership of committees and are subject to the aggregate limit of A\$300,000 approved by shareholders at the 1996 Annual General Meeting.

In 2020, the current directors, Messrs. Barry Dawes, Francis Douglas, and Brent Emmett, agreed that no cash remuneration would be paid until the Company generates substantial free cashflow and returns to profitability. In lieu of cash payment for director fees, the Company granted a total of 12,000,000 options to the directors. Shareholder approval for the issue of these options was obtained at the Annual General Meetings held in May 2021 and May 2024.

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.5 Directors' and Executive Officers' Remuneration Report

Details of the nature and amount of remuneration for the key management personnel consisting of each director and executive officer of the Company and the Group are:

			Short-term benefits				Post-employment benefits		Share-based payments	Total US\$	Proportion of remuneration related %	Accounting fair value as proportion of remuneration %
			Salary & fees US\$	Short-term incentive/retention cash bonus US\$	Other benefits US\$	Service agreements US\$	Superannuation benefits US\$	Termination benefits US\$	Accounting fair value US\$			
Directors ¹												
Executive												
T N Fern ¹	Executive Chairman	2025	-	-	-	-	-	-	-	-	-	
(Note 1)		2024	-	-	-	-	-	-	-	-	-	
B D Emmett ¹	Technical Director	2025	-	-	-	-	-	308	308	-	100.0	
		2024	-	-	-	-	-	116	116	-	100.0	
Non-executive												
B J Dawes ¹	Director	2025	-	-	-	-	-	-	-	-	-	
		2024	-	-	-	-	-	-	-	-	-	
F M Douglas ¹	Director	2025	-	-	-	-	-	-	-	-	-	
		2024	-	-	-	-	-	-	-	-	-	
Total directors' remuneration		2025	-	-	-	-	-	308	308	-	100.0	
		2024	-	-	-	-	-	116	116	-	100.0	

¹ Australian-based directors' remuneration amounts are actually paid in Australian dollars and presented in US dollars at the following average FX rates i) 2025 – 0.6432 ii) 2024 – 0.6592.

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.5 Directors' and Executive Officers' Remuneration Report (continued)

Details of the nature and amount of remuneration for the key management personnel consisting of each director of the Company and executive officer of the Company and the Group are:

		Short-term benefits				Post-employment benefits		Share-based payments	Total US\$	Proportion of remuneration performance related %	Accounting fair value as proportion of remuneration %	
		Salary & fees US\$ <i>Note 3</i>	Short-term incentive/retention cash bonus US\$ <i>Note 4</i>	Other benefits US\$ <i>Note 5</i>	Service agreements US\$	Superannuation benefits US\$	Termination benefits US\$	Accounting fair value US\$ <i>Note 6</i>				
Executives												
P Gahdmar ¹ <i>(Note 2)</i>	Company Secretary, Group Financial Controller	2025	-	-	-	86,253	-	-	-	86,253	-	-
		2024	-	-	-	88,003	-	-	-	88,003	-	-
Total executive remuneration		2025	-	-	-	86,253	-	-	-	86,253	-	-
		2024	-	-	-	88,003	-	-	-	88,003	-	-
Total directors and executive officer remuneration		2025	-	-	-	86,253	-	-	308	86,561	-	0.4
		2024	-	-	-	88,003	-	-	116	88,119	-	0.1

1. Australian-based executive officers' remuneration amounts are actually paid in Australian dollars and presented in US dollars at the following average FX rates i) 2025 – 0.6432 ii) 2024 – 0.6592.

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.5 Directors' and Executive Officers' Remuneration Report (continued)

Notes

- 1) Included in service agreements above are amounts which are paid or are payable to, a company of which Mr Fern is a director. During the year, a company of which Mr Fern is a director provided management services to the Company and its controlled entities. The dealings were in the ordinary course of business and on normal terms and conditions. Mr Fern did not receive a fee for his services as Executive Chairman of Petsec Energy Ltd during the year (2024: nil).
- 2) Included in service agreements above is an amount of US\$86,253 (2024: US\$88,003) which was paid or is payable to, a company of which Mr Fern is a director and through which Mr Gahdmar provided services.
- 3) Salary and fees for certain specified executives includes the movement during the reporting period of accruals for annual leave and long service leave.
- 4) Short-term incentive/retention cash bonuses represent discretionary bonus amounts granted based on several factors including personal performance, the achievement of strategic objectives, retention, and motivation of employees.
- 5) Other benefits represent amounts paid on behalf of key management personnel in respect of insurance, car parking, fringe benefits.
- 6) The fair value of options and shares is calculated at the date of the grant using the Black-Scholes model and allocated to each reporting period over the period from grant date to vesting date.

No termination payments were paid to key management personnel during the year (2024: nil).

The following table sets out the factors and assumptions used in determining the fair value of the shares or options issued to key management personnel.

Grant date	Expiry date	Average fair value per option	Exercise price	Price of shares on grant date	Weighted Average estimated volatility	Risk-free interest rate	Dividend yield
16/05/24 ¹	20/05/27	-	A\$0.001	n/a	0.0%	3.875%	-
16/05/24 ²	17/06/27	-	A\$0.001	n/a	0.0%	3.79%	-
16/05/24 ³	17/06/27	-	A\$0.001	n/a	0.0%	3.79%	-
12/06/25 ⁴	16/06/29	A\$0.0003	A\$0.001	n/a	86.60%	3.344%	-

¹ Issued to B. Dawes. Options vest between 20 May 2024 and 20 May 2026 at a minimum share price of A\$0.001.

² Issued to F. Douglas. Options vest between 17 June 2024 and 17 June 2026 at a minimum share price of A\$0.001.

³ Issued to B. Emmett. Options vest between 17 June 2024 and 17 June 2026 at a minimum share price of A\$0.001.

⁴ Issued to B. Emmett. Options vest between 16 June 2026 and 16 June 2028 at a minimum share price of A\$0.001.

21.6 Analysis of short-term incentive/retention cash bonuses included in remuneration

Amounts included in remuneration for the financial year, within the table included in Note 20.5 of this Directors' Report, represent the amount that vested in the financial year based on several factors including achievement of personal goals, satisfaction of specified performance criteria, retention, and motivation of employees.

No amounts vest in future financial years in respect of the short-term incentives and bonus schemes for the 2025 year. No amounts were forfeited due to the performance or service criteria not being met in relation to the current financial year.

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.7 Equity instruments

Options over equity instruments granted as compensation

All options refer to unlisted options over ordinary shares of Petsec Energy Ltd, which are exercisable on a one-for-one basis.

During the year, no options were granted to key management personnel pursuant to the Employee Option Plan (2023: nil).

The movement during the reporting period in the number of options under the Employee Option Plan held, directly, indirectly, or beneficially, by each key management personnel, including their related parties, is as follows:

	Held at 1 January 2025	Granted as compensation	Exercised	Other changes ¹	Held at 31 December 2025	Vested during the year	Vested and exercisable at 31 December 2025
Directors							
T Fern	-	-	-	-	-	-	-
B Emmett	-	-	-	-	-	-	-
B Dawes	-	-	-	-	-	-	-
F Douglas	-	-	-	-	-	-	-
Executives							
P Gahdmar	-	-	-	-	-	-	-

¹ Other changes represent shares and options that expired or were forfeited during the year.

During the year:

- 3,000,000 options over ordinary shares in Petsec Energy Ltd were granted to key management personnel outside the Employee Option Plan (2024: 9,000,000).
- 3,000,000 options over ordinary shares were forfeited (2024: 10,000,000).

The movement during the reporting period in the number of options outside the Employee Option Plan held, directly, indirectly, or beneficially, by each key management personnel, including their related parties, is as follows:

	Held at 1 January 2025	Granted as compensation ¹	Exercised	Other changes ²	Held at 31 December 2025	Vested during the year	Vested and exercisable at 31 December 2025
Directors							
T Fern	-	-	-	-	-	-	-
B Emmett	6,000,000	3,000,000	-	(3,000,000)	6,000,000	1,000,000	2,000,000
B Dawes	3,000,000	-	-	-	3,000,000	1,000,000	2,000,000
F Douglas	3,000,000	-	-	-	3,000,000	1,000,000	2,000,000
Executives							
P Gahdmar	-	-	-	-	-	-	-

¹ Options exercisable at a share price of A\$0.001.

² Other changes represent shares and options that expired or were forfeited during the year.

Exercise of options granted as compensation

No shares were issued on the exercise of options previously granted as compensation to key management personnel during the reporting period (previous corresponding period: nil).

Directors' Report

For the year ended 31 December 2025

21. Remuneration Report (continued)

21.7 Equity instruments (continued)

Movements in fully paid ordinary shares

The movement during the reporting period in the number of ordinary shares in Petsec Energy Ltd held, directly, indirectly, or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 January 2025	Granted as compensation	Purchases	Received on exercise of options	Disposal/ Removal of relevant interest	Held at 31 December 2025
Directors						
T Fern	77,194,372	-	-	-	-	77,194,372
B Dawes	6,473,579	-	-	-	-	6,473,579
F Douglas	-	-	-	-	-	-
B Emmett	-	-	-	-	-	-
Executives						
P Gahdmar	400,000	-	-	-	-	400,000

Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to key management personnel) have been altered or modified by the issuing entity during the reporting period or the prior period.



**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001
TO THE DIRECTORS OF PETSEC ENERGY LTD AND CONTROLLED ENTITIES
ABN 92 000 602 700**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Petsec Energy Ltd.

As the auditor for the audit of the financial report of Petsec Energy Limited for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd

MNSA Pty Ltd

Allan Facey

Director

Sydney

Dated this 10th of March 2026

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 December 2025

	Note	2025 US\$'000	2024 US\$'000
Continuing operations			
Other revenue/(expenses)	5	(1)	(1)
Lease operating expenses		-	-
Geological, geophysical, and administrative expenses		(148)	(156)
Depreciation, depletion, amortisation, and reclamation		(1)	(1)
Operating loss		(150)	(158)
Financial income	8	-	1
Financial expenses	8	(4,681)	(4,788)
Net financial expense		(4,681)	(4,787)
Loss before income tax		(4,831)	(4,945)
Income tax benefit/(expense)	9	-	-
Loss for the period		(4,831)	(4,945)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange translation differences		-	19
Total comprehensive loss for the period		(4,831)	(4,926)
Loss per share			
Basic and diluted loss per share	10	(0.01)	(0.01)

The consolidated statement of profit and loss and other comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 32 to 63.

Consolidated statement of changes in equity

For the year ended 31 December 2025

In thousands of USD

	Share capital US\$'000	Translation Reserve US\$'000	Share-based compensation US\$'000	Option Reserve US\$'000	Accumulated losses US\$'000	Total Equity US\$'000
Balance at 1 January 2024	5,349	1,922	1	404	(35,926)	(28,250)
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(4,945)	(4,945)
Other comprehensive income						
Foreign exchange translation differences	-	55	-	(36)	-	19
Total other comprehensive income/(loss)	-	55	-	(36)	-	19
Total comprehensive income/(loss) for the period	-	55	-	(36)	(4,945)	(4,926)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share issue/(cancelled)	27	-	-	-	-	27
Vesting of share options	1	-	(1)	-	-	-
Share-based payments expense	-	-	-	-	-	-
Total transactions with owners	28	-	(1)	-	-	27
Balance at 31 December 2024	5,377	1,977	-	368	(40,871)	(33,149)
Balance at 1 January 2025	5,377	1,977	-	368	(40,871)	(33,149)
Total comprehensive income/(loss) for the period						
Loss for the period	-	-	-	-	(4,831)	(4,831)
Other comprehensive income/(loss)						
Foreign exchange translation differences	-	(29)	-	29	-	-
Total other comprehensive income/(loss)	-	(29)	-	29	-	-
Total comprehensive income/(loss) for the period	-	(29)	-	29	(4,831)	(4,831)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share issue/(cancelled)	-	-	-	-	-	-
Vesting of share options	-	-	-	-	-	-
Share-based payments expense	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
Balance at 31 December 2025	5,377	1,948	-	397	(45,702)	(37,980)

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements set out on pages 32 to 63.

Consolidated statement of financial position

As at 31 December 2025

	Note	2025 US\$'000	2024 US\$'000
ASSETS			
Current assets			
Cash		70	72
Prepayments		10	12
Total current assets		80	84
Non-current assets			
Other receivables	11	1,000	1,000
Property, plant, and equipment		2	3
Oil and gas properties	12	-	-
Total non-current assets		1,002	1,003
Total assets		1,082	1,087
LIABILITIES			
Current liabilities			
Trade and other payables	14	30	34
Total current liabilities		30	34
Non-current liabilities			
Trade and other payables		118	115
Secured borrowings	15	38,784	33,966
Fair value of derivative instruments	16	-	-
Employee benefits provisions		130	121
Total non-current liabilities		39,032	34,202
Total liabilities		39,062	34,236
Net assets		(37,980)	(33,149)
EQUITY			
Issued capital		5,377	5,377
Reserves		2,345	2,345
Accumulated losses		(45,702)	(40,871)
Total equity		(37,980)	(33,149)

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements set out on pages 32 to 63.

Consolidated statement of cashflows

For the year ended 31 December 2025

	2025	2024
Note	US\$'000	US\$'000
Cashflows from operating activities		
Cash payments to suppliers and employees	(156)	(159)
Net cash (used in) operating activities	(156)	(159)
Cashflows from investing activities		
Payments for property, plant, and equipment	-	(1)
Net cash (used in)/from investing activities	-	(1)
Cashflows from financing activities		
Proceeds from drawdown of convertible note facility	150	200
Proceeds from issue of options – net of transaction costs	-	1
Net cash (used in)/from financing activities	150	201
Net (decrease)/increase in cash and cash equivalents	(6)	41
Cash and cash equivalents at 1 January	72	32
Effects of exchange rate changes on cash held	4	(1)
Cash and cash equivalents at 31 December	70	72

The consolidated statement of cashflows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 32 to 63.

Notes to the consolidated financial statements

For the year ended 31 December 2025

1. Reporting entity

Petsec Energy Ltd (the “Company”) is a company domiciled in Australia. The registered office of the Company is Level 7, Macquarie Business Centre, 167 Macquarie Street, Sydney NSW 2000. The consolidated financial statements of the Company as at and for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”).

The financial report is presented in United States dollars, which is the Group’s choice of presentation currency.

The Group is a for-profit entity and is primarily involved in oil and gas exploration and production with operations onshore in the Republic of Yemen.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (“AASBs”) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001*. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (“IFRSs”) and interpretations adopted by the International Accounting Standards Board (IASB).

The Board of Directors approved the financial statements on 10 March 2026.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 and in accordance with that instrument, all financial information presented in US dollars has been rounded to the nearest thousand unless otherwise stated.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 3 (d) – Exploration, evaluation properties and oil and gas properties, Note 3(l) Rehabilitation provision and Note 3 (r) – Income tax.

The estimated recoverable amount of oil and gas assets is based on discounted cash flow projections which are based on estimates and assumptions that are subject to change. Key assumptions include the ultimate prices realised on the sale of oil and gas and the reserves ultimately recovered. A sustained deterioration in prices or reduction in reserves may result in future asset impairments.

(d) Going concern basis of preparation

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As at 31 December 2025, the Group had a cash balance of US\$70,000 (31 December 2024: US\$72,000) and current net assets of US\$50,000 (31 December 2024: current net assets of US\$50,000).

In addition, the group incurred a loss from continuing operations of US\$4,831,000 (31 December 2024: loss of US\$4,945,000) and had net cash outflows from operating activities of US\$156,000 during the period (31 December 2024: US\$159,000).

The Group has a Convertible Note Facility (“Facility”) of US\$15.0 million excluding interest (refer Note 16 for further details).

As at 31 December 2025, the Group had drawn down US\$14.35 million under the Facility (31 December 2024: US\$14.2 million). The carrying value of the Facility at 31 December 2025 including accrued interest and excluding the fair value of the conversion option is US\$38.8 million (31 December 2024: US\$34.0 million).

Notes to the consolidated financial statements

For the year ended 31 December 2025

(d) Going concern basis of preparation (continued)

The directors have approved cash flow projections which support the going concern basis of preparation. The preparation of these projections incorporates several assumptions and judgements, and we have concluded that the range of possible outcomes considered in arriving at this judgement do not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.

3. Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Company and Group.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost, less accumulated impairments.

(ii) Joint operating arrangements

Joint operating arrangements are those legal entities over whose activities the Group has joint control, whereby the Company has rights to the assets and obligations for the liabilities relating to the arrangement. The interest of the Group in unincorporated joint operating arrangements and jointly operated assets are brought to account by recognising in its financial statements the Company's share of the arrangements underlying assets and liabilities, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint arrangements.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates ("the functional currency"). The functional currency of the Company and its Australian subsidiaries is Australian dollars (A\$), and the functional currency of the Company's overseas subsidiaries is United States dollars (US\$). The financial statements are presented in United States dollars. The Group believes the US dollar is the best measure of performance for Petsec Energy Ltd because oil and gas, the Group's dominant sources of revenue, are priced in US dollars and the Group's main operations are based in jurisdictions where most of the costs incurred are denominated in US dollars.

Prior to consolidation, the results and financial position of each entity within the Group are translated from the functional currency into the Group's presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that consolidated statement of financial position.
- Income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

(b) Foreign currency (continued)

(i) Functional and presentation currency (continued)

- Components of equity are translated at the historical rates; and
- All resulting exchange differences are recognised as a separate component of equity.

ii) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the respective functional currency at the foreign exchange rate ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the foreign currency translation reserve (FCTR).

(c) Derivative financial instruments and hedging activities

The Group's revenues are exposed to changes in commodity prices. From time to time, the Group enters into derivative financial instruments to manage a portion of its oil and gas sales price risks.

The Group does not hold derivative financial instruments for speculative purposes.

Derivatives are initially measured at fair value. After initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

(i) Cash flow hedge

Changes in the fair value of the derivative-hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

(ii) Derivative financial instruments that do not qualify for hedge accounting

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit and loss.

Other derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. After initial recognition, derivatives are measured at fair value and changes therein are recognised immediately in profit or loss.

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

(d) Exploration, evaluation properties and oil and gas properties

Exploration and evaluation expenditure is accumulated in respect of each separate area of interest. The Group's capitalisation policy for its natural gas and crude oil exploration and development activities is to capitalise expenditure of productive exploratory wells, development drilling and productive wells, and expenditure to acquire mineral interests. Exploration expenditure, including personnel costs, certain geological and geophysical expenses including seismic costs where exploration rights have not been obtained for oil and natural gas leases, are charged to expense as incurred. Exploratory drilling expenditures are initially capitalised but charged to expense if and when the well is determined not to have found reserves in commercial quantities.

Exploration and evaluation expenditures relating to an area of interest are capitalised where exploration rights have been obtained. This expenditure is carried forward only to the extent that they are expected to be recouped through successful development and exploitation, or sale of the area, or where exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant exploration operations are continuing. This expenditure is not subject to amortisation. Once management has determined the existence of economically recoverable reserves for an area of interest, expenditure is reclassified from exploration and evaluation to oil and gas properties on the balance sheet. Oil and gas properties are amortised using a units-of-production method, as further discussed in Note 3(e).

Exploration and evaluation properties and oil and gas properties are assessed for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. If indicators of impairment are present, an impairment loss is recorded based on the higher of an asset's fair value less costs to sell and value in use (see Note 3(g)). When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(e) Amortisation of oil and gas properties

Oil and gas properties in the production phase are amortised on a units-of-production method based on the ratio of actual production to remaining proved and probable reserves (2P). Remaining 2P reserves are measured at the lower of 2P reserves estimated by external independent petroleum engineers and internal estimates.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until commercial production commences.

(f) Property, plant, and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit and loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its costs can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

(f) Property, plant, and equipment (continued)

(iii) Depreciation and amortisation

Depreciation of property, plant and equipment is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item. Leased assets are depreciated over the shorter of the lease term and their useful lives. Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation methods, useful lives and residual values are reassessed at the reporting date. When changes are made, adjustments are reflected prospectively in current and future periods only.

The estimated useful lives or the amortisation method used for each class of asset in the current and comparative periods are as follows:

	2025	2024
<i>Property, plant, and equipment</i>		
Furniture and fittings	5 – 8 years	5 – 8 years
Office equipment	3 – 4 years	3 – 4 years
Leasehold improvements	5 – 7 years	5 – 7 years

(g) Impairment - non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets, other than deferred tax assets (see Note 3(r)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets or groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

The measurement of recoverable amount for the Group's exploration, evaluation and oil and gas properties expenditure requires significant estimation and judgement. Note 13 provides further details of the key assumptions adopted by the Group in measuring the recoverable amounts of exploration, evaluation and oil and gas properties expenditure.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Trade and other receivables

Trade receivables, which generally have 30-to-60-day terms, are recognised, and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of debt issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by considering any issue costs, and any discount or premium on settlement.

(k) Borrowing costs

Borrowing costs comprise interest payable on borrowings calculated using the effective interest rate method, lease finance charges, amortisation of discounts or premiums relating to borrowings, and the unwinding of discounts on the rehabilitation provisions. Borrowing costs relating to oil and gas properties under development are capitalised as a cost of development up to the date production commences. The actual borrowing costs are capitalised where funds are borrowed specifically for oil and gas properties under development. Borrowing costs on general funding are capitalised based on the weighted average borrowing rate.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation

The Group recognises a provision for the legal obligation associated with the retirement of long-lived assets that results from the acquisition, construction, development, and (or) the normal operation of oil and natural gas properties. The initial recognition of a liability for rehabilitation, which is discounted using a risk-free interest rate, increases the carrying amount of the related long-lived asset by the same amount as the liability. In periods after initial measurement, period-to-period changes in the liability are recognised for the passage of time (unwinding of discount) as a borrowing cost. Additionally, the capitalised asset retirement cost is subsequently allocated to expense on a units-of-production basis over its estimated useful life.

Changes in the estimate of the liability arising from revised timing or estimated cost-to-complete the rehabilitation are recognised with a corresponding adjustment to the relevant long-lived asset.

The rehabilitation provision requires significant estimation and judgement. These estimates include:

- Expected method of remediation.
- Forecast costs-to-complete the future remediation; and
- Anticipated timing of the remediation work.

The Group monitors the estimates and judgements involved in measuring this provision.

(m) Employee benefits and director benefits

(i) Short-term employee benefits

Liabilities for employee benefits for wages, salaries, annual leave, sick leave, and bonuses represent present obligations resulting from employees' services provided to reporting date which are expected to be wholly settled by the Company within the next financial year. Such liabilities are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on costs, such as workers' compensation insurance and payroll tax.

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

(m) Employee benefits and director benefits (continued)

(ii) Long-term employee benefits

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities.

(iii) Defined contribution pension plans

The Company and other controlled entities contribute to several defined contribution pension plans. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when they are due.

(iv) Share-based compensation transactions

Share-based compensation benefits are provided to employees of the Group, including directors, via the Company's Employee Option Plan and Employee Share Plan.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options.

(n) Leases

The Group has applied AASB 16 using the modified retrospective approach.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group amortises the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets, including certain office premises and office equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(o) Revenue and other income recognition

Revenue is recognised when (or as) the Group transfers control of goods or services to a customer at a point in time and at the amount to which the entity expects to be entitled. The following specific recognition criteria must also be met before revenue is recognised:

Sale of oil and gas

Revenues from the sale of oil and gas is recognised when the product is in the form in which it is to be delivered and an actual physical quantity has been provided or allocated to a purchaser pursuant to a contract. Revenue from oil and gas sales is measured at the fair value of the consideration receivable.

Revenue from oil and gas royalties is recognised on an accrual basis in accordance with the terms of underlying royalty agreements. Revenue from oil and gas royalties is measured at the fair value of the consideration receivable.

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

(o) Revenue and other income recognition (continued)

Sale of non-current assets

Gains or losses on sale of non-current assets are recognised as other income at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

(p) Finance income and finance expense

The Group's finance income and finance expenses include interest income, interest expense, the remeasurement to fair value of financial liabilities, and facility fees in relation to financial liabilities.

Interest income or expense is recognised using the effective interest method, which is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the amortised cost of the financial liability.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(r) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference or tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Segment reporting

An operating segment is a distinguishable component of the Group whose information is reviewed regularly by the CEO, the Group's chief decision-making officer, and that is engaged in providing related products or services which are subject to risk and rewards that are different to other segments.

(t) Changes in accounting policies

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2024.

New and amended accounting policies adopted by the Group

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

The Group adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of "material accounting policy information" rather than significant accounting policies in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures.

The adoption of the amendment did not have a material impact on the financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. Material accounting policy information (continued)

New and amended accounting policies adopted by the Group (continued)

- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*

The Group adopted AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction for the financial year ending 31 December 2025.

The adoption of the amendment did not have a material impact on the financial statements.

- *AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

The adoption of the amendment did not have a material impact on the financial statements.

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The adoption of the amendment along with the adoption of AASB 2023-6 did not have a material impact on the financial statements.

- *AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*

AASB 2022-6 amends AASB 101: Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The adoption of the amendment did not have a material impact on the financial statements.

New and amended accounting policies not yet adopted by the Group (continued)

- *AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 31 December 2026. The impact of initial application is not yet known.

4. Determination of fair values

Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. The Company has applied fair value methodologies that approximate the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Notes to the consolidated financial statements

For the year ended 31 December 2025

4. Determination of fair values (continued)

Derivative Instruments

The fair values of derivative instruments are initially recognised at fair value on the date at which the derivative contracts are entered into and subsequently remeasured to fair value. On subsequent revaluation the derivatives are carried as assets when their fair value is positive and liabilities when their fair value is negative.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Equity securities

The fair value of equity securities (level 3 category instruments) is determined using an option pricing model – the Black-Scholes-Merton formula – in arriving at an expected present value for options granted by the Group at period end. Measurement inputs include observable inputs, such as the share price on the measurement date, the exercise price of the instrument, share price target and the risk-free interest rate (based on government bonds), as well as unobservable inputs, such as expected volatility, expected term of the instruments, and expected dividends which represent management’s best estimates at period end.

5. Other income and expenses

(a) Other income and expenses

Net foreign exchange gains/(losses)

	2025 US\$'000	2024 US\$'000
	(1)	(1)
	(1)	(1)

6. Personnel expenses

Service agreements for executives

Share-based payment compensation

	2025 US\$'000	2024 US\$'000
	86	88
	1	-
	87	88

7. Auditor’s remuneration

Audit services:

Auditors of the Company

MNSA Pty Ltd

Audit and review of financial reports

Non-audit services:

Auditors of the Company

MNSA Pty Ltd

Agreed upon procedures

	2025 US\$	2024 US\$
	6,432	6,592
	-	-
	6,432	6,592

Notes to the consolidated financial statements

For the year ended 31 December 2025

8. Finance income and expense

	2025 US\$'000	2024 US\$'000
Interest income – Other parties	-	1
Financial income	-	1
Interest expense	(3,681)	(3,288)
Penalty fee ¹	(1,000)	(1,500)
Financial expense	(4,681)	(4,788)
Net financial expense	(4,681)	(4,787)

¹ During the current period, the Company incurred a US\$1,000,000 penalty fee in accordance with the terms of the Facility which required that no less than 50% of the outstanding debt under the Facility be repaid by 23 January 2025.

In the previous corresponding period, the Company incurred a US\$1,500,000 penalty fee in accordance with the terms of the Convertible Note Facility ("Facility") which required that no less than 80% of the outstanding debt under the Facility be repaid by 23 January 2024.

9. Income tax expense

	2025 US\$'000	2024 US\$'000
Recognised in the statement of comprehensive income – continuing operations		
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total income tax benefit/(expense) in the statement of comprehensive income	-	-
Numerical reconciliation between tax expense and pre-tax net profit/(loss)		
Profit/(loss) before tax	(4,831)	(4,945)
Income tax expense/(benefit) using the Australian corporation tax rate of 25% (2024: 25%)	(1,208)	(1,236)
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	1,191	1,218
Deferred tax movements not brought to account in current year	17	18
Income tax expense/(benefit) on pre-tax net profit/(loss)	-	-

10. Earnings per share

The Group has a single class of equity security, being ordinary shares, which are included in the basic earnings per share calculation. In addition, as at 31 December 2025, the Group had 15,000,000 unlisted options over ordinary shares on issue outside the Employee Option Plan (2024: 15,000,000).

Options pursuant to Employee Option Plan

There are no options over ordinary shares outstanding pursuant to the Employee Option Plan (2024: nil).

During the year:

- No options were granted or exercised (2024: nil)
- No options were forfeited (2024: nil).

Notes to the consolidated financial statements

For the year ended 31 December 2025

10. Earnings per share (continued)

Options issued outside the Employee Option Plan

There are 15,000,000 options over ordinary shares outstanding outside the Employee Option Plan (2024: 15,000,000).

During the year:

- 3,000,000 options were granted outside the Employee Option Plan (2024: 9,000,000).
- 3,000,000 options were forfeited (2024: 10,000,000).
- No options were exercised (2024: nil).

In determining potential ordinary shares, none of the options are dilutive for the twelve months to 31 December 2025 (2024: nil).

Basic earnings/ (loss) per share – continuing and discontinued operations

The calculation of basic earnings/ (loss) per share at 31 December 2025 was based on the loss attributable to ordinary shareholders of US\$4,831,000 (2024: loss of US\$4,945,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2025 of 501,071,218 (2024: 486,098,540), calculated as follows:

Loss attributable to ordinary shareholders

	2025 US\$'000	2024 US\$'000
Loss for the period	(4,831)	(4,945)

Share capital

In thousands of shares

	As at	
	2025	2024
On issue at 1 January	501,071	461,071
Shares issued	-	40,000
Shares cancelled	-	-
On issue at 31 December	501,071	501,071

Weighted average number of shares (basic)

In thousands of shares

	2025	2024
Issued ordinary shares at 1 January	501,071	461,071
Effect of shares issued in 2025 and 2024, respectively	-	25,028
Weighted average number of ordinary shares at 31 December	501,071	486,099

Weighted average number of shares (basic and diluted)

In thousands of shares

	As at	
	31 December 2025	31 December 2024
Weighted average number of ordinary shares (basic and diluted)	501,071	486,099

Loss per share

In USD dollars

	2025 US\$	2024 US\$
Basic and diluted loss per share	(0.01)	(0.01)

Notes to the consolidated financial statements

For the year ended 31 December 2025

11. Trade and other receivables

	2025 US\$'000	2024 US\$'000
Non-current		
Other receivables	1,000	1,000
Balance at 31 December	1,000	1,000

12. Oil and gas, and exploration and evaluation properties

	2025 US\$'000	2024 US\$'000
Balance at 1 January	-	-
Additions	-	-
Dry hole, impairment, and abandonment expense	-	-
Current year amortisation expense	-	-
Balance at 31 December	-	-

Recoverable amount

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

The estimated recoverable amount of all cash generating units in the development and production phases is determined by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. The Group utilises discounted future cash flows as estimated by independent petroleum engineers for this assessment. The key assumptions used include:

- Estimated proved and probable reserves (2P reserves).
- Hydrocarbon prices that the Group estimates to be reasonable considering historical prices, current prices, and prices used in making its exploration and development decisions.
- Operating costs directly applicable to the leases or wells and allocation of corporate overheads.
- Development costs based on authorisations for expenditure for the proposed work or actual costs for similar projects.
- Pre-tax discount rate of 10%.

Risk of future impairments

- The determination of the estimated recoverable amount of Petsec's producing oil and gas properties is highly sensitive to a change in estimated recoverable reserves, oil and gas prices, discount rates and cost allocations.
- As a result of historical impairments, certain properties are carried at recoverable amounts. Consequently, any reduction in recoverable reserves or a reduction in the oil or gas price may trigger the need for further impairment on these specific properties.

At 31 December 2025, the carrying amount of the Group's MENA oil and gas properties was nil (2024: nil).

The carrying amount of the Group's MENA oil and gas properties was fully impaired in prior periods due to the inability to resume operations and oil production in Yemen, caused by the following factors:

- Lack of government support and clearance to restart field operations, which are essential to access the Block S-1 Central Processing Facility, resume production, and to access government-owned export transport facilities.
- The security challenges resulting from the ongoing conflict in the country.

Notes to the consolidated financial statements

For the year ended 31 December 2025

12. Oil and gas, and exploration and evaluation properties (continued)

Dry hole, impairment, and abandonment expense

The estimated recoverable amount of all oil and gas assets is based on value in use discounted cash flow projections that are based on a range of estimates and assumptions that are subject to change. Key assumptions include the ultimate prices realised on the sale of oil and gas and the reserves ultimately recovered. A sustained deterioration in prices or reduction in reserves may result in further future asset impairments.

13. Deferred tax assets

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2025 US\$'000	2024 US\$'000
Tax operating loss carry forwards in Australia	3,416	3,136

Under Australian Accounting Standards, the Group is required to assess at each reporting period, the extent to which deferred tax assets in respect of the carry-forward of unused tax losses and temporary differences qualify for recognition on the balance sheet based on current facts and circumstances, including projected future taxable profits.

Historically, no deferred tax assets have been recognised in relation to the Australian operations as they do not qualify for recognition of deferred tax assets until such time that it is probable that future taxable profits will be available against which unused tax losses and temporary differences in the relevant tax jurisdictions can be utilised.

The deductible temporary differences and tax losses in Australia do not expire under current tax legislation though these losses are subject to testing under loss recoupment rules, in order for them to be utilised.

14. Trade and other payables

Current

Trade and other payables, stated at cost

Trade payables

Operational and administration accruals

Related party payables

Non-current

Trade and other payables, stated at cost

Operational and administration accruals

Related party payables

	2025 US\$'000	2024 US\$'000
Trade payables	7	9
Operational and administration accruals	11	15
Related party payables	12	10
Current	30	34
Operational and administration accruals	70	70
Related party payables	48	45
Non-current	118	115

15. Interest bearing loans and borrowings

Non-current

Secured borrowings – convertible notes

	2025 US\$'000	2024 US\$'000
Secured borrowings – convertible notes	38,784	33,966

Notes to the consolidated financial statements

For the year ended 31 December 2025

15. Interest bearing loans and borrowings (continued)

Secured borrowings – convertible notes

Secured borrowings represent the outstanding balance at 31 December 2025 under the Convertible Note Facility (“CN Facility”) with Republic Investment Management and associated entities in Singapore, administered by Sing Rim Pte Ltd of Singapore (the “Registrar”). The Group entered into a secured CN Facility with a limit of US\$15 million in August 2016.

The terms and conditions of the CN Facility have been amended on multiple occasions since inception. The original secured convertible notes were issued pursuant to a Deed Poll dated 23 August 2016, with subsequent amendments effected through a Deed of Variation dated 14 September 2016, Letter of Variation dated 28 December 2016, Letter of Variation dated 30 March 2017, Letter of Variation dated 17 August 2017, Letter of Variation dated 18 February 2018, Letter of Variation dated 26 March 2018, Letter of Variation dated 9 May 2018, Letter of Variation dated 20 August 2018, Letter of Variation dated 6 September 2018, Letter of Variation dated 19 December 2018, the Amended and Restated Secured Convertible Note Deed Poll dated 5 March 2019, Letter of Variation and Variation to the Secured Convertible Note Deed Poll dated 8 April 2019, Letter of Variation dated 28 June 2019, Letter of Variation dated 18 January 2021, Letter of Variation dated 15 December 2023, Addendum to the Variation dated 19 February 2024, and Letter of Variation dated 2 December 2025.

Details of each of these variations are outlined in the announcements that the Company previously filed with the ASX up until its delisting in April 2022 and made available on its website.

The key terms and conditions of the CN Facility (Tranches 1, 2 & 3) as varied on 2 December 2025 are as follows:

- (a) Facility amount: US\$15 million.
- (b) Facility drawdown: Available in three tranches of US\$5 million each.
 - Tranche 1 fully drawn as at 31 December 2018 (US\$5 million).
 - Tranche 2 drawn down to US\$4.35 million as at 31 December 2025 (US\$5 million).
During 2025, the Company accessed a further US\$150,000 under Tranche 2 of the Facility.
 - Tranche 3 fully drawn as at 31 December 2019 (US\$5 million).
- (c) Facility term: Extended for a two-year period from 23 January 2026 to 23 January 2028.
- (d) Interest: The interest rate has been maintained at 10% per annum monthly compounding for the period commencing 23 January 2026.
- (e) Security: The convertible notes constitute unsubordinated and secured obligations of the Company. The Company and the registrar entered into a general security deed on 23 August 2016 under which the Company granted the registrar a general security interest over all the Company’s assets as security for the Company’s obligations under the convertible notes.
In the Secured Convertible Note Deed Poll dated 8 April 2019, the Noteholders agreed to a forbearance in the exercise of their rights under the Secured Convertible Note Deed Poll and associated Collateral, such that they will either exercise their rights of conversion or limit any claim they may have to the Secured Collateral only.
- (f) Conversion to Petsec Energy Ltd shares: Limit on the conversion of debt such that the maximum total number of shares in Petsec Energy Ltd that can be issued by conversion is restricted to 240 million new shares at a conversion price of 0.1 cents per share, or such higher number so that the issue on conversion shall not cause Sing Rim to hold more than 65% of the total issued capital of the Company – approved by shareholders at the Company’s General Meeting in May 2024.
- (g) Dedication of Income/Cash to Debt Repayment: 80% of all income/cash generated from operations or transactions of the assets to be used to repay debt unless otherwise directed by the Noteholders.
- (h) Approval of Expenditure: Material expenditures to be under the control of the Noteholders directed through the Chairman.
- (i) Penalty Terms: If by 23 January 2027 less than 50% of the convertible note debt (i.e., principal and interest) has been paid to the Noteholders, the debt will increase by US\$1 million. If by 23 January 2028 less than 80% of the debt (i.e., principal and interest) has been paid, the debt will increase by a further US\$1.5 million.

Notes to the consolidated financial statements

For the year ended 31 December 2025

15. Interest bearing loans and borrowings (continued)

- (j) Consent Terms: The issue of 40 million fully paid ordinary shares in Petsec Energy Ltd at an issue price of 0.1 cent per share to the Noteholders, as consideration for a variation of the CN Facility, subject to shareholder approval at the Company's General Meeting scheduled for May 2026.

As at 31 December 2025, total drawdowns under the US\$15 million CN Facility amounted to US\$14.35 million.

A further US\$150,000 will be available to the Company under Tranche 2 of the CN Facility to fund working capital requirements during the 2026 financial year.

16. Fair value of financial derivative instruments

Non-current	2025 US\$'000	2024 US\$'000
Fair value of financial derivatives	-	-

The fair value of the financial derivative instrument representing the embedded derivative component within the secured convertible note (refer Note 15) was nil as at 31 December 2025 (2024: nil).

Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially valued at fair value; after initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit and loss.

The fair value of the financial derivative was determined at initial recognition and subsequent reporting dates using a Monte Carlo model.

17. Employee benefits

(a) Superannuation plans

Historically, the Group contributed to several defined contribution employee superannuation plans in Australia. Employer contributions are based on various percentages of their gross salaries. The Group is under no legal obligation to make contributions more than those specified in Superannuation Industry (Supervision) legislation. No superannuation was recognised as expense for the year ended 31 December 2025 (2024: nil).

(b) Share-based payments

The Employee Option and Employee Share Plans, established by shareholder resolutions on 29 November 1994, provide for employees, executives, and directors to be granted ordinary shares or options over ordinary shares at the discretion of the Nomination and Remuneration Committee.

Employee Option Plan

At 31 December 2025, there were no options outstanding under the Employee Option Plan (2024: nil).

During the year:

- No options over ordinary shares were granted to or exercised by key management personnel under the Employee Option Plan during the year (2024: nil).
- No options over ordinary shares were forfeited under the Employee Option Plan (2024: nil).

Notes to the consolidated financial statements

For the year ended 31 December 2025

17. Employee benefits (continued)

(b) Share-based payments (continued)

The following sets forth the share-based compensation transactions under the Company's Employee Option Plan. The number and weighted average exercise prices of options over ordinary shares, is as follows:

	Weighted average exercise price 2025	Number of options 2025	Weighted average exercise price 2024	Number of options 2024
Outstanding at the beginning of the period	-	-	-	-
Granted during the period	-	-	-	-
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Outstanding at the end of the period	-	-	-	-
Exercisable at the end of the period	-	-	-	-

Employee Share Plan

During the year, no shares were granted to key management personnel under the Company's Employee Share Plan as long-term incentive compensation and no shares were outstanding (2024: nil).

Option grants to key management personnel outside the Employee Option Plan

At 31 December 2025, there were 12,000,000 options outstanding to key management personnel outside the Employee Option Plan (2024: 12,000,000).

During the year:

- 3,000,000 options over ordinary shares were granted to key management personnel (2024: 9,000,000).
- 3,000,000 options were forfeited (2024: 10,000,000).

The following table summarises the fair value assumptions of options and shares granted to key management personnel during the years ended 31 December 2025 and 2024, respectively.

	Key management personnel 2025	Key management personnel 2024
Consideration price	A\$0.0001	A\$0.0001
Weighted average fair value at measurement date	-	-
Weighted average share price	n/a	n/a
Weighted average exercise price	A\$0.001	A\$0.001
Expected volatility (expressed as weighted average used in the modelling under Black-Scholes model)	-	-
Expected option life (expressed as weighted average used in the modelling under Black-Scholes model)	3.5	2.5
Expected dividends	-	-
Risk-free interest rate (based on national government bonds)	3.344%	3.79% - 3.875%

The expected volatility is based on historic volatility (calculated based on the weighted average remaining life of the shares and options), adjusted for any expected changes to future volatility due to publicly available information.

Notes to the consolidated financial statements

For the year ended 31 December 2025

18. Capital and reserves

Share capital

In thousands of shares

On issue at 1 January
 Shares issued
 Shares cancelled
 On issue at 31 December – fully paid

Ordinary Shares	
2025	2024
501,071	461,071
-	40,000
-	-
501,071	501,071

The Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of operations where their functional currency is different to the presentation currency of the reporting entity.

Option reserve

The option reserve comprises the fair value of options to be issued as an underwriting fee in relation to the fully underwritten rights issue.

Share-based compensation

The share-based compensation represents the value of unvested options issued under the Company's Employee Option Plan. The value of vested options is transferred to share capital on vesting.

19. Risk management framework and additional financial instruments disclosures

Capital management

The Board's policy is to maintain an appropriate capital base to sustain future development of the Group. This capital base may comprise equity and borrowings.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. There is no separate risk management committee.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the consolidated financial statements

For the year ended 31 December 2025

19. Risk management framework and additional financial instruments disclosures (continued)

The forecast financial position of the Group is continually monitored, and derivative financial instruments can be used to hedge exposure to fluctuations in commodity prices (refer to *Commodity Price Risk* below for further details).

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Additional financial instruments disclosures

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the Group that have been recognised is the carrying amount, net of any provision for doubtful debts. The Group has assessed that the counterparty's credit ratings determined by a recognised ratings agency remains acceptable.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated	
	2025 US\$'000	2024 US\$'000
Cash deposits	70	72
	70	72

As at 31 December 2025, exposure to credit risk in relation to cash held by banks was managed with the US\$70,000 in cash deposits primarily held with Australian financial institutions rated AA.

Historically, the Group managed its credit risk on trade receivables by dealing with only large reputable customers for its oil and gas sales. At balance date, the Group had no trade receivables amounts due (2024: nil).

The Group's credit risk is limited to the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring of future rolling cash flow forecasts. These reflect management's expectations of the settlement of financial assets and liabilities.

Notes to the consolidated financial statements

For the year ended 31 December 2025

19. Risk management framework and additional financial instruments disclosures (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments.

31 December 2025

	Contractual cashflows					
	Carrying amount US\$000	6 months or less US\$000	6 – 12 months US\$000	1 – 2 years US\$000	2 – 5 years US\$000	5 years or more US\$000
Trade and other payables	148	30	-	118	-	-
Secured borrowings	38,784	-	-	-	38,784	-
Total	38,932	30	-	118	38,784	-

31 December 2024

	Contractual cashflows					
	Carrying amount US\$000	6 months or less US\$000	6 – 12 months US\$000	1 – 2 years US\$000	2 – 5 years US\$000	5 years or more US\$000
Trade and other payables	149	34	-	115	-	-
Secured borrowings	33,966	-	-	33,966	-	-
Total	34,115	34	-	34,081	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign exchange risk

During 2024 and 2025, operating costs were incurred in Australian and US dollars, and Arab Emirates Dirham.

Throughout 2024 and 2025, the Group held its liquid funds in US and Australian dollars.

Fluctuations in the Australian dollar/US dollar exchange rate have impacted the underlying performance of the Group. The Group's policy is not to hedge the Australian dollar/US dollar exchange rate risk as income (cash inflows) and expenses (cash outflows), are predominantly denominated in Australian dollars. The impact of Arab Emirates Dirham was not material.

Commodity price risk

The revenue and income of the Group are affected by changes in natural gas and crude oil prices, and from time-to-time various financial transactions (swap contracts and collar contracts involving NYMEX commodity prices for natural gas and crude oil) may be undertaken to reduce the effect of these changes. The Group ensures that it has sufficient proved reserves of these commodities to cover all these transactions, and it only enters into such derivatives to match its anticipated underlying physical production and reserves. The Group also limits the term of the transactions and the percentage of the Company's expected aggregate oil and natural gas production that may be hedged at any time.

Notes to the consolidated financial statements

For the year ended 31 December 2025

19. Risk management framework and additional financial instruments disclosures (continued)

Commodity price risk (continued)

Swaps

In a natural gas swap agreement, the Group receives from the counterparty the difference between the agreed contracted fixed price and the quoted or published reference settlement price if the latter is lower than the fixed price. If the reference settlement price is higher than the agreed fixed price, the Group will pay the difference to the counterparty.

Collars

In a collar agreement, a floor price and a ceiling price are established. If there is no cash outlay upon entering a collar arrangement, it is called a “costless” or “cashless” collar. If quoted reference prices at the specified date (expiration date) are lower than the floor price, then the counterparty pays the price difference multiplied by the notional quantity to the Group. If the quoted reference prices at the specified date are higher than the ceiling price, then the Group pays the price difference multiplied by the notional quantity to the counterparty.

At 31 December 2025, the Group had no outstanding oil or natural gas hedges in place (previous corresponding period: Nil).

Interest rate risk

The Group’s exposure to market interest rates primarily relates to the Group’s cash holdings.

The financial instruments exposed to interest rate risk are as follows:

	2025 US\$'000	2024 US\$'000
Financial assets		
Cash	70	72

Sensitivity analysis

In managing commodity price and interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group’s earnings. However, credit considerations limit the amount of hedging with derivative instruments that the Group can enter into. The Group and the Company do not use derivative instruments to manage foreign exchange rate risk. Over the longer-term, permanent changes in commodity prices, interest rates and exchange rates will have an impact on profit.

The estimated impact of a 10 per cent change in the average commodity price for the year ended 31 December 2025 would have had no impact upon the Group’s profit or loss as the Group did not generate any production (2024: nil).

The estimated impact of a change of 100 basis points in interest rates would have increased or decreased the Group’s profit or loss by US\$44 (2024: US\$116).

The estimated impact of a 10 per cent change in the USD/AUD exchange rate would have increased or decreased the Group’s profit or loss by a total of US\$8,000 (2024: US\$9,000).

Fair values of financial assets and liabilities

The carrying values of financial assets and liabilities of the Group approximate their fair values.

The Group measures and recognises in the statement of financial position on a recurring basis certain assets and liabilities at fair value in accordance with AASB13 Fair value measurement. The fair value must be estimated for recognition and measurement or for disclosure purposes in accordance with the following hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as priced) or indirectly (derived from prices); and

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements

For the year ended 31 December 2025

19. Risk management framework and additional financial instruments disclosures (continued)

Fair values of financial assets and liabilities (continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2025		2024	
	Carrying amount US\$'000	Fair value US\$'000	Carrying amount US\$'000	Fair value US\$'000
Trade and other receivables	1,000	1,000	1,000	1,000
Cash and restricted cash deposits	70	70	72	72
Trade and other payables	(148)	(148)	(149)	(149)
Secured borrowings	(38,784)	(38,784)	(33,966)	(33,966)
	(37,862)	(37,862)	(33,043)	(33,043)

20. Capital and other commitments

The Group had no capital commitments outstanding at 31 December 2025.

21. Contingencies and legal matters

The Group is a defendant from time to time in legal proceedings. Where appropriate the Group takes legal advice. The Group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position.

From time to time, the Group is required to provide bonding or security for the benefit of regulatory authorities in certain jurisdictions, where it has operations, in relation to its obligations to pay lease rentals and royalties, the plugging and abandonment of oil and natural gas wells, the removal of related facilities, and to meet minimum exploration expenditure commitments. As at 31 December 2025, the Group had no guarantees in place to meet minimum exploration expenditure commitments (December 2024: nil).

Fraudulent claim against US\$4.2 million Letter of Credit supporting Block 7 exploration obligations

In November 2019, an illegitimate claim was made against the Letter of Credit ("LoC") issued under the Production Sharing Agreement for the Al Barqa, Block 7 Exploration Permit. The Block 7 LoCs, with an aggregate value of US\$4.2 million, were established between the Block 7 joint venture partners and Arab Bank on behalf of the Yemen Ministry of Oil and Minerals. These LoCs secured the remaining minimum expenditure obligations for the block, which has been under Force Majeure since 2011. Under Force Majeure, no valid claims may be made against the LoCs.

Notwithstanding this, Arab Bank acted on the Houthi's fraudulent claim and called upon the counterparty LoCs held by Qatar National Bank ("QNB") for the Company and by Commonwealth Bank of Australia ("CBA") for Mitsui. Despite the Company's immediate and repeated efforts to alert the banks to the illegality of the claim, including clear warnings that the claim was fraudulent and unsupported by the internationally recognised Yemeni government, US\$2.73 million of the Company's and Mitsui's funds were transferred to Arab Bank in Amman, Jordan. Kuwait National Bank did not release the US\$1.05 million counterparty LoC funds, having acted on advice that the claim was fraudulent, supported by a statement from the legitimate Minister of Oil in Aden confirming that there was no claim on the Block 7 LoCs.

The Company subsequently initiated legal proceedings against Arab Bank in Jordan seeking recovery of the funds that were unlawfully transferred. The Company is pursuing the return of its US\$1.68 million share of the LoC funds, together with associated damages and costs, through the Jordanian court system.

The Jordanian courts have consistently ruled in favour of the Company. An injunction was granted preventing Arab Bank from transferring the funds to the Houthi, and the courts confirmed that the Houthi claim against the Block 7 LoCs was illegal and that the counterparty LoC funds could not be lawfully transferred. On 29 December 2021, the Court of Appeal ruled in favour of the Company, declaring the call on the LoCs unlawful and ordering Arab Bank to return the Company's US\$1.68 million to its QNB account, together with compensation for legal fees and expenses. Arab Bank appealed this decision to the Court of Cassation, which in December 2022 rejected the appeal and reaffirmed that Arab Bank must repay the funds. The Court of Cassation, the highest court in Jordan, instructed Arab Bank to return the LoC funds by the end of January 2023.

Notes to the consolidated financial statements

For the year ended 31 December 2025

21. Contingencies and legal matters (continued)

Despite these final judgments, Arab Bank has continued to obstruct enforcement. In January 2023, Arab Bank filed an application before the Execution Judge, asserting that the Company lacked standing to enforce the judgment on the basis that the judgment referred to QNB rather than the Company. Although the Execution Judge initially accepted this argument, the Company successfully challenged the ruling. The Execution Judge subsequently revoked the decision and directed Arab Bank to proceed with execution and return the funds.

Throughout 2023, 2024 and 2025, Arab Bank has continued to frustrate the enforcement process by filing repeated procedural applications and appeals. To date, Arab Bank has submitted more than ten requests to the Execution Judge and multiple appeals, resulting in the execution file becoming larger than the original proceedings, which is highly unusual.

Subsequent to the end of the 2025 financial year, a clarification judgment was issued by the Jordanian courts confirming the Company's entitlement to the LoC funds and addressing the procedural arguments raised by Arab Bank in relation to execution. Further procedural steps are currently underway to facilitate the most efficient and secure transfer of the funds, including the mechanism by which the funds will be remitted.

Arab Bank's unlawful calling of the Company's LoC has resulted in significant delay, with more than five years of protracted legal proceedings and third-party costs exceeding US\$300,000. Notwithstanding the repeated and unequivocal rulings of the Jordanian courts, and confirmation from the legitimate Yemeni Minister of Oil that no valid claim existed, Arab Bank has continued to exploit procedural avenues in an attempt to delay or avoid repayment.

The Company remains firmly committed to pursuing all available legal remedies to recover the funds and will continue to keep shareholders informed of any material developments in this matter.

22. Deed of cross guarantee

Pursuant to ASIC Corporations Instrument 2016/785, relief is granted to certain wholly owned Australian subsidiaries of the Company from the *Corporations Act* requirements for preparation, audit, and publication of Financial Reports and Directors' Reports.

It is a condition of the Class Order that the Company and each of its subsidiaries enter into a Deed of Cross Guarantee Indemnity. The effect of the deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act*. If a winding-up occurs under other provisions of the *Act*, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Petsec Investments Pty. Limited
- Petsec America Pty Limited
- Petroleum Securities Pty. Limited
- Petroleum Securities Share Plan Pty Limited

A consolidated statement of comprehensive income and consolidated balance sheet, comprising the Company and subsidiaries which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, as at 31 December 2025 and 2024, is set out below and on the following page:

Notes to the consolidated financial statements

For the year ended 31 December 2025

22. Deed of cross guarantee (continued)

Summarised consolidated statement of profit or loss & other comprehensive income & accumulated losses

	2025 US\$000	2024 US\$000
Other income and expenses	1,836	(1,830)
Operating expenses	(131)	(139)
Net finance expense	(4,681)	(4,787)
Net movement in provisions against loans and investments in controlled entities	899	(1,318)
Loss before tax	(2,077)	(8,074)
Income tax benefit/(expense)	-	-
Profit/(loss) after tax	(2,077)	(8,074)
Other comprehensive income	-	-
Total comprehensive loss for the period	(2,077)	(8,074)
Accumulated losses at beginning of year	(65,092)	(57,018)
Accumulated losses at end of year	(67,169)	(65,092)

Statement of Financial Position

	2025 US\$000	2024 US\$000
Assets		
Cash and cash equivalents	65	63
Prepayments	3	2
Total current assets	68	65
Property, plant, and equipment	2	3
Total non-current assets	2	3
Total assets	70	68
Liabilities		
Trade and other payables	25	27
Total current liabilities	25	27
Trade and other payables	48	45
Secured borrowings	38,784	33,966
Employee benefits provision	130	121
Total non-current liabilities	38,962	34,132
Total liabilities	38,987	34,159
Net assets	(38,917)	(34,091)
Equity		
Issued capital	5,377	5,377
Reserves	22,875	25,624
Retained earnings/(accumulated losses)	(67,169)	(65,092)
Total equity	(38,917)	(34,091)

Notes to the consolidated financial statements

For the year ended 31 December 2025

23. Consolidated Entity Disclosure Statement

Entities listed below are those that are part of the consolidated entity at the end of the financial year:

Entity Name	Body Corporate, partnership or trust	Place of Incorporation	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident (for tax purposes)	Jurisdiction for Foreign tax resident
Petsec Energy Ltd (the Company)	Body corporate	Australia	-	Australia	n/a
Petsec Investments Pty. Limited	Body corporate	Australia	100%	Australia	n/a
Petroleum Securities Pty. Limited	Body corporate	Australia	100%	Australia	n/a
Petroleum Securities Share Plan Pty. Limited	Body corporate	Australia	100%	Australia	n/a
Petsec America Pty. Limited	Body corporate	Australia	100%	Australia	n/a
Petsec Energy (Middle Eastern) Limited	Body corporate	British Virgin Islands	100%	Australia	n/a
Petsec Energy Yemen Ltd	Body corporate	British Virgin Islands	100%	Australia	n/a
Oil Search (ROY) Limited	Body corporate	British Virgin Islands	100%	Australia	n/a
West Yemen Oil (Block S-1), Inc.	Body corporate	Turks and Caicos Islands	100%	Foreign	Turks and Caicos Islands

Except for Petsec Energy (Middle Eastern) Limited, Petsec Energy Yemen Ltd, West Yemen Oil (Block S-1), Inc., and Oil Search (ROY) Limited, all entities carry on business in the country where they were incorporated.

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in *Tax Ruling TR 2018/5*.

- Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Notes to the consolidated financial statements

For the year ended 31 December 2025

23. Consolidated Entity Disclosure Statement (continued)

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate level entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations.

Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

Notes to the consolidated financial statements

For the year ended 31 December 2025

24. Segment reporting

The Group operates in the oil and gas industry.

Segment information is presented in the consolidated financial statements in respect of the Group's geographic segments, which reflects the presentation of information to the chief operating decision maker and may differ from the information required to be disclosed in accordance with the Accounting Standards.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment acquisition of property, plant and equipment, intangibles and exploration, evaluation and development assets are the total cost incurred during the period to acquire segment assets that are expected to be utilised for more than one period.

In presenting information on the basis of geographical segments, segment assets and liabilities, segment revenue and net profit/(loss) after tax are based on the geographical location of operations.

	Australia		MENA		Consolidated	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Oil and gas sales	-	-	-	-	-	-
Net revenues after royalties *	-	-	-	-	-	-
Segment net profit/(loss) before tax	(4,813)	(4,927)	(18)	(18)	(4,831)	(4,945)
Income tax benefit/(expense)	-	-	-	-	-	-
Profit/(loss) after tax	(4,813)	(4,927)	(18)	(18)	(4,831)	(4,945)
Depreciation, depletion, amortisation & reclamation	1	1	-	-	1	1
Segment assets	70	68	1,012	1,019	1,082	1,087
Acquisition of property, plant and equipment and exploration, evaluation, and development assets	-	1	-	-	-	1

* There are no inter-segment sales

Notes to the consolidated financial statements

For the year ended 31 December 2025

24. Segment reporting (continued)

	Australia		MENA		Consolidated	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Segment liabilities	38,987	34,159	75	77	39,062	34,236
Cash (used in)/ from operating activities	(152)	(155)	(4)	(4)	(156)	(159)
Cash (used in)/ from investing activities	-	(1)	-	-	-	(1)
Cash from financing activities	150	201	-	-	150	201

Notes to the consolidated financial statements

For the year ended 31 December 2025

25. Interests in unincorporated joint operating arrangements

Included in the assets of the Group are the following items which represent the Group's interest in the assets and liabilities in joint operating arrangements:

	2025 US\$'000	2024 US\$'000
Assets		
Oil and gas properties:		
Production leases – at cost	683	683
Less: accumulated amortisation and impairment	(683)	(683)
	-	-
Represented by the following lease carrying values:		
- MENA	-	-
Total oil and gas properties	-	-
Liabilities		
Rehabilitation provision:		
- MENA	-	-
The contribution of the Group's joint operating arrangements to EBIT (including exploration write-offs and impairments; and excluding the effects of hedging and any gain on sale of interests):		
- MENA	(14)	(15)

The principal activity of all the joint operating arrangements is oil & gas exploration. Listed below is the geographic location of each of the joint operating arrangements and the percentage working interest held in the joint operating arrangement by the Group as at and during the year ended 31 December:

	Interest held 2025	Interest held 2024
- MENA	25.00% to 75.00%	25.00% to 75.00%

In respect of the joint operating arrangements listed above, the voting powers of the Group align with its ownership percentages listed in all cases. Management has determined that the Group has joint control of these arrangements by virtue of the agreements it has with its other partners. The Group accounts for its share of the individual assets and liabilities of the joint operating arrangements in light of the fact that all these arrangements lack legal form as separate vehicles.

Notes to the consolidated financial statements

For the year ended 31 December 2025

26. Reconciliation of cash flows from operating activities

	2025 US\$'000	2024 US\$'000
Cash flows from operating activities		
Loss for the period	(4,831)	(4,945)
<i>Adjustments for:</i>		
Depreciation, depletion, amortisation, and reclamation	1	1
Net foreign exchange (gains)/losses	(4)	1
Share-based payment expenses	-	-
Operating loss before changes in working capital and provisions	(4,834)	(4,943)
Decrease/(increase) in receivables and prepayments	2	43
Increase/(decrease) in payables and provisions	4,676	4,741
Net cash used in operating activities	(156)	(159)

27. Related parties

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

<i>Non-executive director</i>	<i>Executive director</i>
B J Dawes F M Douglas	T N Fern (Chairman) B D Emmett (Technical Director)
Executive Officer	
P Gahdmar (Chief Financial Officer and Company Secretary)	

Key management personnel compensation

The key management personnel compensation included in personnel expenses (see Note 6) is as follows:

	2025 US\$	2024 US\$
Service agreements	86,253	88,003
Share-based payment compensation	308	116
	86,561	88,119

Individual directors and executive compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures are provided in the Remuneration Report section of the Directors' Report on pages 19 to 26.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Notes to the consolidated financial statements

For the year ended 31 December 2025

27. Related parties (continued)

Individual directors and executive compensation disclosures (continued)

Non-executive directors appointed prior to 2003 were previously entitled to receive a retirement benefit that is equivalent to the remuneration received in the three years prior to retirement. Incoming non-executive directors appointed thereafter are not entitled to receive retirement benefits in accordance with the recommendations made by the ASX Corporate Governance Council.

Directors' retirement obligations are presently US\$130,000 in total (2024: US\$121,000). These obligations relate entirely to Mr. David Mortimer who had served as a non-executive director of the Company since 1985 until his resignation from the Board and its Committees on 30 April 2020. Mr. Mortimer has agreed not to seek, nor require, repayment of this amount until such time as the Company generates positive cashflow sufficient to satisfy this obligation without adversely affecting its ongoing working capital requirements. Consequently, this obligation is reflected as a non-current liability in the Consolidated Statement of Financial Position.

Transactions with key management personnel

Key management personnel of the Company and their immediate relatives control approximately 16.8 percent of the voting shares of the Company.

During the year:

- No shares or options were granted by the Company to key management personnel as long-term incentive compensation under its shareholder approved Employee Share Plan or Employee Option Plan (2024: nil).
- 3,000,000 options over ordinary shares were granted by the Company to key management personnel as long-term incentive compensation outside the Employee Option Plan (2024: 9,000,000).

The aggregate amounts recognised in service agreements during the year relating to key management personnel and their personally related entities, were a total expense of US\$86,000 (2024: US\$88,000). Refer to Remuneration Report for further details.

Assets and liabilities arising from the above related party transactions

	2025 US\$'000	2024 US\$'000
Current assets		
Related party receivables	-	-
Current liabilities		
Related party payables	12	10
Non-current liabilities		
Related party payables	48	45

Other related party disclosures

Information relating to subsidiaries is set out in "Note 23 – Consolidated entities".

Notes to the consolidated financial statements

For the year ended 31 December 2025

28. Parent entity disclosures

Parent entity guarantees in respect of the debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in "Note 22 – Deed of cross guarantee".

Parent entity contingencies and capital commitments

The parent entity had no contingent liabilities and capital commitments outstanding at 31 December 2025.

As at, and throughout, the financial year ending 31 December 2025 the parent entity of the consolidated group was Petsec Energy Ltd.

	2025 US\$'000	2024 US\$'000
Result of parent entity		
Profit/(loss) for the period	(2,077)	(8,074)
Other comprehensive income	(2,779)	3,206
Total comprehensive income/(loss) for the period	(4,856)	(4,868)
Financial position of parent entity at year end		
Current assets	68	65
Total assets	70	67
Current liabilities	25	27
Total liabilities	38,987	34,158
Total equity of the parent entity comprising of:		
Share capital	5,376	5,376
Share-based payment compensation reserve	-	-
Foreign currency translation reserve	22,825	25,604
Option reserve	397	368
Accumulated losses	(67,515)	(65,439)
Total equity	(38,917)	(34,091)

29. Events subsequent to balance date

Other than as disclosed, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Directors' Declaration

In accordance with a resolution of the directors of Petsec Energy Ltd ("the Company") and its controlled entities, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 28 to 63, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards applicable to the Entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2025 and of the performance for the year, as represented by the results of their operations and their cash flows, for the year ended on that date of the Consolidated Group.
2. In the directors' opinion, the attached Consolidated Entity Disclosure Statement required by Section 295(3A) of the *Corporations Act 2001* is true and correct.
3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
4. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2025.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read "Terrence N. Fern", is written over a faint, light-colored signature line.

Terrence N. Fern
Director

Sydney, 10 March 2026



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PETSEC ENERGY LTD AND CONTROLLED ENTITIES
ABN 92 000 602 700**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Petsec Energy Ltd (the Company), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

In our opinion the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the year then ended; and
- ii. complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Material Uncertainty Related to Going Concern

We draw your attention to Note 2(d) "Going concern basis of preparation" in the financial report. The conditions disclosed in Note 2(d), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is material uncertainty related to going concern we have assessed the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern.



Our approach to this involved:

- Assessing the Groups cash flow forecasts for incorporation of the Group's operations and plans to address going concern.
- Reviewing the existing convertible note and repayment terms agreed upon.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

MNSA Pty Ltd

MNSA Pty Ltd

Allan Facey

Director

Sydney

Dated this 10th of March 2026

Exploration and Production Interests

Geographical Location	Licence	Status	Working Interest	Participating Interest
Yemen				
<i>Damis (Block S-1), Production Licence</i>				
Shabwah Basin	Block S-1, Damis Production Licence	Shut-in	25.0%	20.625%
<i>Al Barqa, Block 7 Exploration Licence</i>				
Shabwah Basin	Block 7, Al Barqa Permit	Evaluation	35.0%	29.75%
	Block 7, Al Barqa Permit	Evaluation	40.0%	34.00%
Geographical Location	Licence	Status	Overriding Royalty Interest	
Australia				
Gunnedah Basin	NSW Petroleum Exploration Licence No 6 (PEL 6)	Evaluation	1.75% ¹ 3.50% ²	

¹ 1.75% overriding royalty interest of all petroleum recovered from the Edendale Area.

² 3.5% overriding royalty interest of all petroleum recovered from the Remainder Area.

Shareholder Information

Number of Shareholders

Issued capital was 501,071,218 ordinary shares held by 678 shareholders.

All issued shares carry equal voting rights on a one for one basis.

Size of Holding	No. of Holders
1 – 1,000	67
1,001 – 5,000	90
5,001 – 10,000	85
10,001 – 100,000	256
100,001 and over	180
Total number of shareholders	678
<i>Number holding less than a marketable parcel</i>	<i>n/a</i>

Largest Twenty Shareholders

The largest twenty shareholders held 418,934,778 ordinary shares being 83.608% of the issued ordinary capital.

Name of Shareholder	Number of Shares Held	% of Issued Capital
Martin Place Securities Nominees Pty Ltd	253,129,732	50.518
Heliotrope Holdings Pty Ltd	41,720,000	8.326
Canning Oil Pty Ltd	25,497,713	5.089
Citicorp Nominees Pty Limited	19,243,310	3.840
Martin Place Securities Nominees Pty Ltd	11,576,498	2.310
Mr David A Mortimer & Mrs Barbara L Mortimer	11,040,026	2.203
BNP Paribas Noms Pty Ltd	9,582,401	1.912
Geofin Consulting Services Pty Limited	8,989,610	1.794
Mr Edward Gacka & Mrs Beryl Gacka	7,218,425	1.441
HSBC Custody Nominees (Australia) Limited	4,812,510	0.960
Mangaroo Pty Ltd	4,000,000	0.798
Mr Peter Gacka & Mrs Jenny Gacka	3,800,000	0.758
Hestian Pty Ltd	3,127,843	0.624
Ms Dan Luo	2,799,943	0.559
Asian Corporate Advisers (BVI) Limited	2,250,000	0.449
Solus Consultants Pty Ltd	2,248,552	0.449
Mr Nigel Pilcher & Mrs Frances Pilcher	2,234,417	0.446
Evelind Pty Ltd	2,063,198	0.412
Mrs Tracey Leigh Shaw & Mr Luke Vincent Shaw	1,900,600	0.379
Mr Peter David Koller	1,700,000	0.339

Substantial shareholders disclosed in substantial shareholder notices given to the Company are as follows:

Canning Oil Pty Ltd including its associates	77,194,372	15.406
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5-year Comparative Data Summary

		2021	2022	2023	2024	2025	% change
Financial Performance							
Net Production (MMcfe) ¹		-	-	-	-	-	-
Average Gas Equiv. Price Received	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
US\$ million							
Net Revenue	(US\$m)	-	-	-	-	-	-
Net Profit/(Loss) after Tax	(US\$m)	(\$3.0)	(\$1.7)	(\$4.5)	(\$4.9)	(\$4.8)	n/a
Depreciation, depletion & amortisation	(US\$m)	-	-	-	-	-	n/a
Exploration write-offs, impairments, abandonment, and work-over expenses	(US\$m)	-	-	-	-	-	-
Net financial expense	(US\$m)	\$2.4	\$1.5	\$4.4	\$4.8	\$4.7	(2%)
Change in rehabilitation provision	(US\$m)	-	-	-	-	-	n/a
Gain on disposal of assets and subsidiaries	(US\$m)	-	-	-	-	-	n/a
Income tax (benefit)/expense	(US\$m)	-	-	-	-	-	n/a
EBITDAX ²	(US\$m)	(\$0.6)	(\$0.2)	(\$0.1)	(\$0.1)	(\$0.1)	n/a
EBITDAX Margin/Mcfe	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
Balance Sheet							
Total Assets	(US\$m)	\$1.6	\$1.2	\$1.1	\$1.1	\$1.1	-
Cash	(US\$m)	\$0.4	\$0.2	\$0.032	\$0.072	\$0.07	(3%)
Debt	(US\$m)	\$22.0	\$24.6	\$29.0	\$34.0	\$38.8	14%
Shareholders' Equity	(US\$m)	(\$22.0)	(\$23.7)	(\$28.3)	(\$33.1)	(\$38.0)	n/a
Cashflow and Capital Expenditures							
Net cashflow from:							
Operations	(US\$m)	(\$0.5)	(\$0.3)	(\$0.1)	(\$0.2)	(\$0.2)	n/a
Investing	(US\$m)	-	\$0.1	-	-	-	-
Financing	(US\$m)	-	-	-	\$0.2	\$0.2	-
		(\$0.5)	(\$0.2)	(\$0.1)	-	-	n/a
Capital Expenditures ³							
Exploration	(US\$m)	-	-	-	-	-	-
Development	(US\$m)	-	-	-	-	-	-
Acquisition	(US\$m)	-	-	-	-	-	-
		-	-	-	-	-	-
A\$ million							
EBITDAX ²	(A\$m)	(\$0.8)	(\$0.3)	(\$0.2)	(\$0.2)	(\$0.2)	n/a
Net Profit/(Loss) after Tax	(A\$m)	(\$4.0)	(\$2.4)	(\$6.8)	(\$7.4)	(\$7.5)	n/a
USD/AUD exchange rate		0.7490	0.6957	0.6648	0.6592	0.6432	(2%)
Operating Margins & Costs							
Average Gas Price Received	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
+ Other Income	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
- Operating Costs (GG&A + LOE)	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
= EBITDAX ² Margin	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
Depreciation, Depletion & Amortisation	(US\$/Mcf)	n/a	n/a	n/a	n/a	n/a	n/a
Proved and Probable Reserves (2P) ⁴							
Yemen ⁵	(MMboe)	1.4	1.4	1.4	1.4	1.4	-

¹ MMcfe = million cubic feet of gas equivalent. Mcfe = thousand cubic feet of gas equivalent. Conversion ratio: 1 barrel of oil = 6 Mcf of gas.

² EBITDAX = earnings before interest (financial income and expense), income tax, depreciation, depletion and amortisation, and exploration (including dry hole and impairment expense, exploration, and work-over expense). EBITDAX is a non-IFRS number and is unaudited.

³ Excludes minor (non-oil & gas) property, plant & equipment expenditure, and investments.

⁴ 2P reserve estimates are based on independent reserve assessments.

⁵ Represents the Company's 25% share of the An Nayah Oilfield (Yemen) reserves as attributed by DeGolyer and McNaughton Canada Limited as of 1 January 2016. This is unchanged from the initial reserves assessment prepared by DeGolyer and McNaughton Canada and announced to the ASX on 15 March 2016.

Glossary

1P	Proved reserves
2P	Proved and probable reserves
AMI	Area of mutual interest
Bcf	Billion cubic feet of gas
Bcfe	Billion cubic feet of gas equivalent
Bopd	Barrels of oil per day
Capex	Capital expenditure
cps	Cents per share
DD&A	Depreciation, depletion, and amortisation
EBITDAX	Earnings before Interest, taxation, depreciation, amortisation, and exploration expense. EBITDAX is a non-IFRS number
Field	An area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition
JV	Joint venture
Mbbls	Thousand barrels of crude oil or other liquid hydrocarbons
Mbo	Thousand barrels of oil
Mboe	Thousand barrels of oil equivalent
MMbbls	Million barrels of crude oil or other liquid hydrocarbons
MMbo	Million barrels of oil
MMboe	Million barrels of oil equivalent
Mcfe	Thousand cubic feet of gas equivalent
MMcf	Million cubic feet of gas
MMcfe	Million cubic feet of gas equivalent
MMcfpd	Million cubic feet of gas per day
NRI	Net revenue interest
Oil	Crude oil and condensate
Participating Interest	Working interest less any net profit interest held by another entity. In Yemen, normally a government owned entity.
Proved reserves	The estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions
Proved undeveloped reserves	Proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion
Working Interest or W.I.	The operating interest which gives the owner the right to drill, produce and conduct operating activities on the property and a share of production

Corporate Directory

Board of Directors

Terrence N Fern – Executive Chairman
Brent D Emmett – Technical Director
Barry J Dawes – Non-executive Director
Francis M Douglas – Non-executive Director

Company Secretary

Paul Gahdmar

Corporate Management

Terrence N Fern – Executive Chairman
Brent D Emmett – Technical Director
Paul Gahdmar – Chief Financial Officer and Company Secretary

Registered Office and Principal Business Office

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Share Register

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Facsimile: 1300 653 459
International: + 61 2 9279 0664
Email: enquiries@boardroomlimited.com.au

Auditors

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Sydney NSW 2000 Australia
Telephone: + 61 2 9299 0901
Facsimile: + 61 2 9299 8104

Corporate Governance Statement

<http://www.petsec.com.au/about-us/corporate-governance/>

For further information

Web: www.petsec.com.au